A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 10 OCTOBER 1986

PAPER AND PAPERBOARD PRODUCTION AT RECORD HIGHS

Paper and paperboard production during the third quarter surged upward at an 8.1% per year rate from its record-high second quarter rate and established a new seasonally adjusted high of 71.7 million tons per year.

These gains were well distributed throughout the grade structure, with total paper rising at a rate of 8.6% per year and paperboard 7.6% per year. Weekly data for the early weeks of October show that production of both paper and paperboard remained near their respective third quarter highs.

Net imports, based on the July-August rates, rose sharply from their second quarter rates, so that total new supply (production plus imports less exports -- a proxy measure of consumption) showed an even steeper gain. This compares to the 2.4% per year rate of gain in the real gross national product from the second to the third quarter of this year.

The steeper growth in paper and paperboard new supply relative to that of total economic activity has been of major interest to many observers of the industry. It reflects the fact that business growth so far this year has been concentrated in those sectors of the economy that are heavy users of paper and paperboard. Production of non-durable goods, for example rose by 5.8% per year from the second to the third quarter of the year, only a little lower than the rate of gain in paperboard. Non-durable goods include the major markets for paperboard, and are also a good indicator for many of the paper markets as well. Printing and publishing activity, an indicator of the markets for white papers and newsprint, rose by 6.5% per year in this period.

The performances in the first three quarters of 1986 indicate a somewhat similar pattern: paper and paperboard production was 5.4% ahead of its year-ago rate, with paper up 3.8% and paperboard a gain of 7.0%

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The sharp increase in net imports estimated for the third quarter brought the year-to-date total to about 4.4% above its year-earlier level, with exports rising an estimated 17.8% for that period. Thus, total new supply rose by an estimated 4.6% compared to a 2.4% rise in the real gross national product for the first nine months of the year. Relative to their year-ago levels, non-durable goods production rose by 4.4%, consumer goods by 3.5% and printing and publishing activity by 5.3%.

These trends are summarized in the paper and paperboard supply and demand indexes published on the yellow Fact Sheet enclosed in this report. That table shows new supply for paper for the first three quarters of 1986 up 3.7% from its year-ago level, compared to a 4.8% increase in the demand indicator. Paperboard production for domestic use, however, gained 6.5% in this period, compared to a 1.8% increase in its demand indicator, the difference reflecting a change in inventories. Last year paperboard production was restrained by a sharp reduction in the excessive inventories of containerboard held at paperboard mills and box plants; so far in 1986, the reductions in these inventories have been relatively modest. Compared to 1984, the nine-month 1986 rate of paperboard production for domestic use was up 3.3%, very close to the 3.0% increase in the paperboard demand indicator.

GRADE STRUCTURE

Within the paper grades, major gains continued in the white paper grades. The detail is shown in the table on page 3. Separate calculations of the seasonally adjusted trend of production by grade indicate that the declines in white paper noted for September were less than usual seasonal move for coated papers and uncoated free sheet papers, so that on a seasonally adjusted basis output showed a strong increase over its August level. The rate of tissue paper also rose, but packaging papers declined.

A somewhat different pattern was evident in the paperboard grades, with September output trailing the solid pace of earlier months. This reflected, in part, a continuing reduction of inventories of containerboard at paperboard mills and boxplants and in part a decline in exports. Production for export in September was well below its highs of the preceding three months. However, the nine-month 1986 total of paperboard production for export was 13.2% ahead of its year-earlier level, reflecting a 14.6% gain in exports of kraft paperboard, a 9.9% gain in semichemical paperboard and a 10.2% gain in bleached board.

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PAPER AND PAPERBOARD STATISTICS

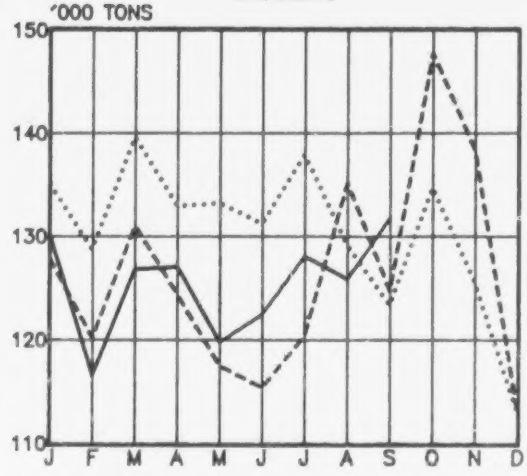
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR		JUN	JUL	AUG	SEPT	Annual Rate Y-T-D	% Change From same Period
	1984	1985	1986	1986	1986	1986	1986	Last Year
PAPER								
Newsprint - Production	5539	5428	463	477	486	462	5622	2.8
- Shipments	5564	5417	469	465	472	455	5529	1.8
Printing & Writing sum	18397	18450	1628	1590	1680	1675	19503	5.9
Groundwood Paper - Shipments	1565	1516	123	128	126	132	1505	1.1
- New Orders	1575	1477	139	152	138	118	1548	7.1
-Unfilled Orders	140	106	117	141	149	139	139	27.4
Coated Papers - Shipments	6249	5875	504	484	556	555	6155	3.2
- New Orders	6281	5642	529	529	562	552	6266	11.0
- Unfilled Orders	575	393	424	475	467	497	497	30.0
Unctd Free Sheet - Shipments	9207	9750	877	874	884	877	10468	8.4
- New Orders	8939	9704	875	889	922	849	10558	10.5
- Unfilled Orders	430	509	563	580	614	591	591	33.1
Thin Papers - Shipments	267	241	20	18	15	22	229	-4.1
Cotton Fiber Paper - Shipments	147	144	13	11	12	12	151	5.2
Bleached Bristols - Production	961	924	92	77	87	78	995	8.3
Tissue Paper - Production	4921	4941	419	395	429	419	5064	3.0
Total Packaging & Other Paper	5555	5202	423	417	429	425	5147	-1.7
Unbl. Kraft Paper - Shipments	3666	3403	278	277	277	274	3374	-1.7
Other Paper - Production	1889	1799	146	140	152	151	1773	-1.6
TOTAL PAPER-Production-Unadj.	34411	34021	2932	2880	3025	2982	35337	3.8
-Production-S.A.			2959	3019	2995	2991	35327	3.8
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2307	2256	2397	2233	27242	6.9
Total Unbl. Kraft Paperboard	17185	16368	1508	1439	1575	1437	17593	7.0
Unbl. Kraft Linerboard (1)	16037	15183	1385	1331	1455	1328	16241	6.6
Production for Export	2086	1830	181	193	206	161	2081	14.6
Other Unbl. Kraft Paperboard	1149	1184	123	107	120	109	1352	11.5
Semichemical Paperboard	5169	5088	452	441	481	450	5363	5.6
Production for Export	149	189	15	14	26	22	201	9.9
Solid Bleached Paperboard	4048	3948	347	377	342	346	4287	8.4
Production for Export	478	466	43	46	42	40	509	10.2
Recycled Paperboard	7637	7630	671	637	687	669	8145	7.3
Production for Export	17	26	3	2	1	2	24	-3.0
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	2978	2893	3085	2902	35387	7.0
- Containerboard Prod.(Dom. Use)	20993	20042	1810	1773	1888	1769	21398	6.6
- Boxboard Prod.(Dom. Use) (2)	5783	5673	485	475	483	482	5949	4.8
- All Other P'bd Prod.(D.U.) (2)	4531	4808	441	420	439	426	5224	8.3
- Total Paperbd Prod. for Export	2731	2511	242	225	275	225	2815	13.2
TOTAL PAPERBOARD PROD.- S.A.			2931	3020	2987	2908	35086	7.0
TOTAL PAPER AND PAPERBOARD								
Production - actual	68450	67055	5910	5773	6109	5884	70723	5.4
Production - S.A.			5889	6039	5982	5699	70412	5.4

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

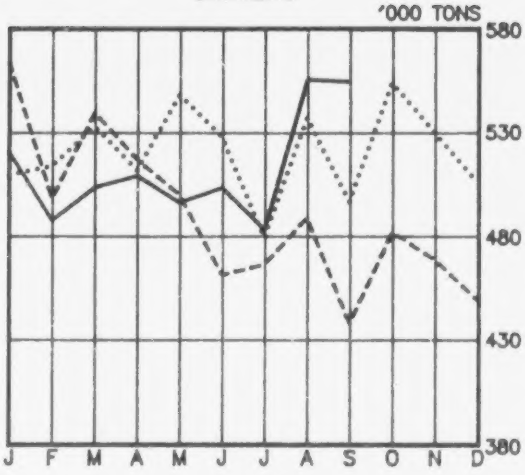
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



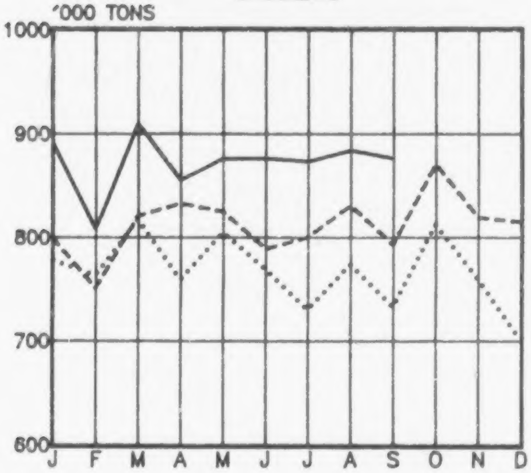
COATED PAPER

SHIPMENTS



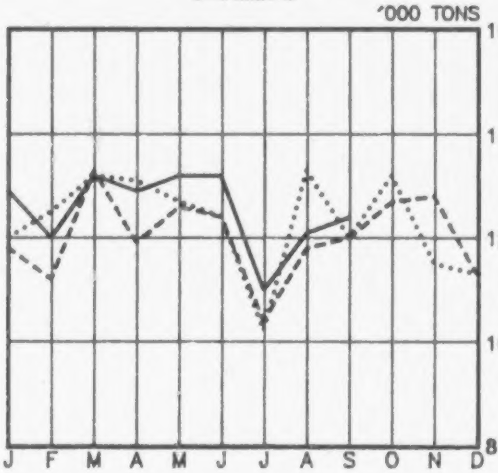
UNCOATED FREE SHEET PAPERS

SHIPMENTS



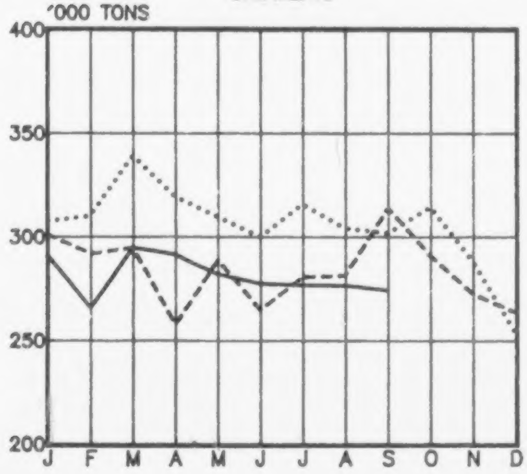
COTTON FIBER PAPER

SHIPMENTS



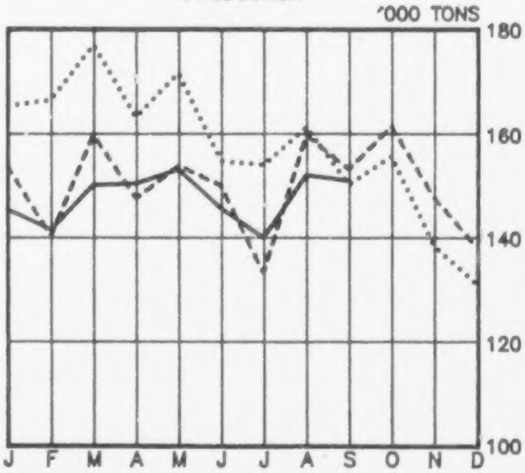
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ········ 1985 – – – – 1986 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR		MAY	JUNE	JULY	AUGUST	Annual Rate Y-T-D	% Change from same Period Last Year
		1984	1985	1986	1986	1986	1986	1986	
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	55470	54170	4771	4842	4818	4833	57184	5.1
	- Imports	4490	4466	422	370	401	422	4604	1.3
	- Exports	3594	3701	365	372	299	418	4403	14.3
	- New Supply	56367	54844	4828	4840	4920	4837	57384	4.2
Dissolving Pulp	- Production	1206	1174	110	107	103	113	1259	5.4
	- Imports	161	175	13	22	20	28	257	58.2
	- Exports	595	631	63	54	46	63	671	-1.3
	- New Supply	772	718	60	74	77	78	845	24.9
Paper Grades Chemical Pulp	- Production	44690	43696	3856	3940	3873	3891	46272	5.6
	- Imports	4023	4104	385	343	369	378	4230	1.3
	- Exports	2945	3131	299	314	251	353	3672	16.7
	- New Supply	45767	44668	3942	3968	3991	3916	46830	4.4
Groundwood and Thermo-Mech.	- Production	5506	5251	466	450	474	469	5510	3.6
	- Imports	306	187	24	6	12	15	116	-44.4
	- Exports	54	29	3	4	2	2	60	144.9
	- New Supply	5758	5409	486	452	484	483	5566	1.1
Semi-Chemical	- Production	4069	4050	340	345	368	359	4143	1.9
	- Imports			- - - - - Included in Groundwood Pulp - - - - -					
	- Exports								
	- New Supply	4069	4050	340	345	368	359	4143	1.9
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6898	6800	623	640	637	673	7511	9.5
	- Imports	2968	2791	281	255	242	297	3089	8.6
	- Exports	3511	3784	321	424	313	406	4445	17.1
	- New Supply	6355	5807	583	471	566	565	6155	4.1
Dissolving Pulp	- Production	1205	1171	109	105	102	113	1251	4.8
	- Imports	204	174	10	20	12	25	215	25.3
	- Exports	690	666	57	67	52	57	696	2.7
	- New Supply	718	679	61	58	63	81	770	12.1
Paper Grades Chemical Pulp	- Production	5680	5605	512	533	535	560	6252	10.7
	- Imports	2664	2531	252	225	224	257	2775	6.7
	- Exports	2821	3117	264	357	262	349	3749	20.4
	- New Supply	5523	5019	502	402	497	468	5278	2.8
Groundwood Pulp and All Other	- Production	14	24	1	2	0	0	8	-58.8
	- Imports	100	86	19	10	6	16	99	36.9
	- Exports	1	1	0	0	0	0	0	0.0
	- New Supply	114	109	20	11	7	16	108	18.2

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

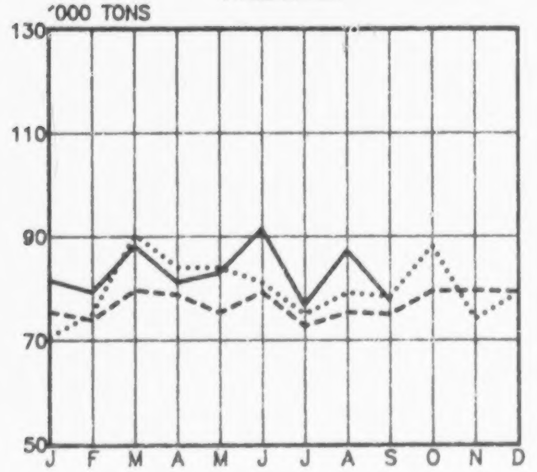
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68584	6149	6078	5937	6119	72207	5.2
Total Wood Pulp	54562	53297	4706	4694	4616	4729	55644	4.2
Waste Paper	15926	15290	1443	1384	1320	1390	16563	8.6
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	164	171	176	195	195	8.2
Producers' Market Inventories	585	486	365	304	353	352	352	-34.9
Consumers' Purchased Inventories	545	492	508	568	579	542	542	17.4
Waste Paper at Paper & Bd. Mills	1053	967	844	843	884	851	851	-13.0
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42.	30	21	18	21	17	17	-51.4

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

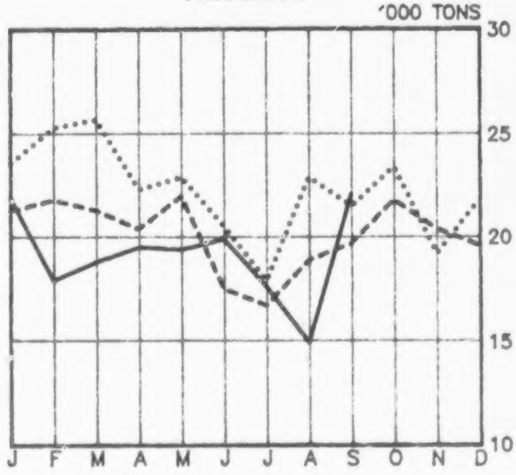
BLEACHED BRISTOLS

PRODUCTION



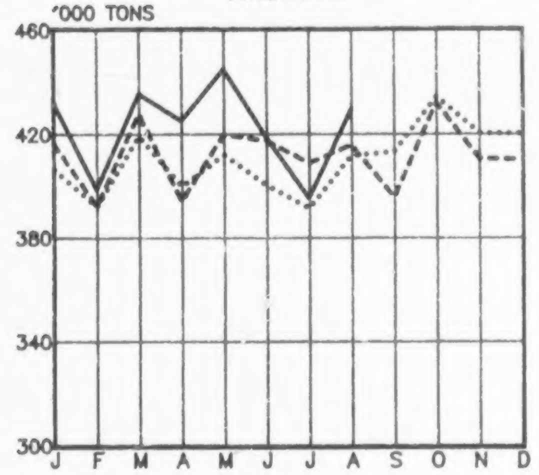
THIN PAPER

PRODUCTION



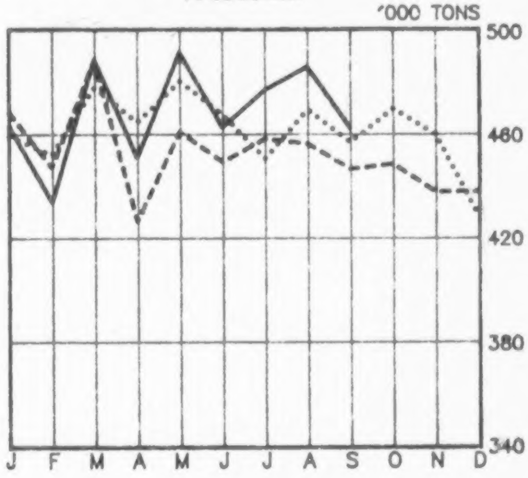
TISSUE PAPER

PRODUCTION



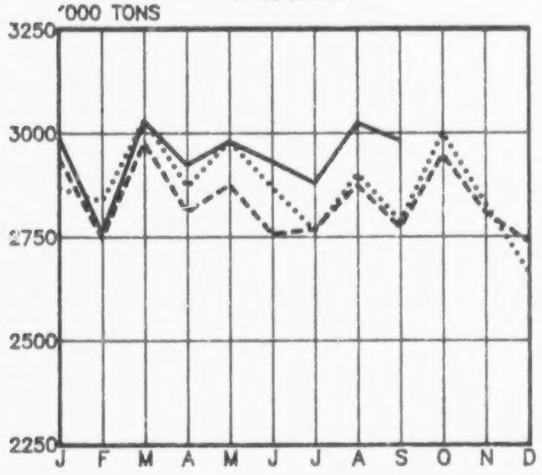
NEWSPRINT

PRODUCTION



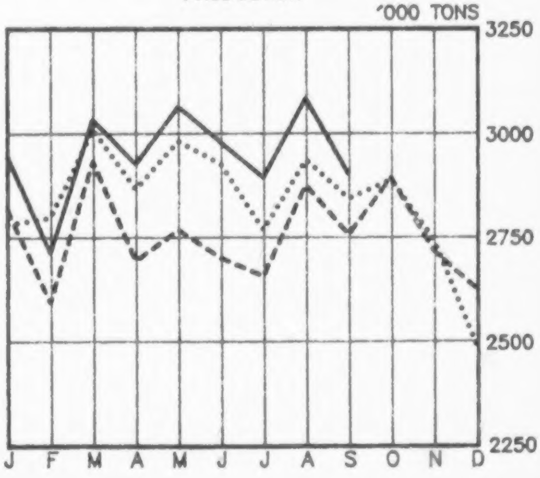
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ········ 1985 -----1986 ——

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	1985	MAY 1986	JUNE 1986	JULY 1986	AUGUST 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	7277	7372	7770	7465	90510	6.0
	- Total Consumpt	87646	85744	7499	7563	7812	7582	91226	6.4
	- Residues *	32072	30447	2864	2748	2576	2710	33008	8.7
	- Inventories	5574	5046	4910	4851	4836	4835	4835	-2.7
So. Atlantic	- Total Receipts	27654	27589	2381	2427	2480	2289	29427	8.5
	- Total Consumpt	27344	27815	2395	2480	2531	2345	29448	7.5
	- Residues *	8198	7970	816	779	682	788	9264	20.6
	- Inventories	1444	1117	1117	1096	1062	1016	1016	-4.1
Northeast	- Total Receipts	7665	7430	526	596	598	586	7158	-3.4
	- Total Consumpt	7474	7394	573	615	582	561	7308	-3.3
	- Residues *	1501	1539	118	123	98	124	1421	-8.3
	- Inventories	590	544	360	345	351	368	368	-13.4
South Central	- Total Receipts	30693	29786	2539	2496	2745	2729	31581	5.5
	- Total Consumpt	30502	29914	2711	2578	2746	2737	31950	6.0
	- Residues *	9059	9207	823	778	809	828	9681	4.6
	- Inventories	1304	1198	1087	992	992	1038	1038	-7.4
North Central	- Total Receipts	6872	6430	484	522	578	561	6462	-0.2
	- Total Consumpt	6563	6296	567	580	561	578	6734	6.4
	- Residues *	1472	1290	88	78	76	85	1043	-21.3
	- Inventories	906	884	807	762	789	808	808	-10.5
West	- Total Receipts	15992	14264	1347	1331	1369	1300	15882	9.7
	- Total Consumpt	15763	14325	1253	1310	1392	1361	15786	10.3
	- Residues *	11842	10458	1019	990	911	885	11600	10.0
	- Inventories	1330	1303	1539	1656	1641	1605	1605	9.9

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 27-Oct-86

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	1985 $000's	JULY Tons	1986 $000's	AUG. Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	2960	183	292	95	35237	20.6
Pulpwood chips	788486	21955	28817	749	52139	1537	805080	-2.7
Wood Pulp, Total	4020736	1385871	363842	127244	361716	131816	3961688	-3.0
Waste Fibrous Materials, Total	144564	26371	14962	2764	13813	2352	167019	7.1
Paper, Board & Products, Total	9734523	4306694	961130	429424	868581	389883	9999639	3.5
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	951025	412837	857551	371106	9880768	3.1
Paper, Paperboard & Products	9380235	4215314	938381	422606	846400	383051	9745372	5.2
Paper & Paperboard, Only	9286488	4073606	928276	406019	835370	364274	9626501	4.8
Paper, Total	9132128	4030872	905720	398966	814286	358024	9404276	4.1
Newsprint	8117986	3496944	801094	344309	714254	305451	8367437	3.7
Printing, Writing & Rel. Pap.	841500	435561	81539	42624	77451	40964	817290	1.7
Pack. & Ind. Conv. Paper	124100	64640	17706	8069	16265	7395	175248	54.2
Special Industrial Paper	3463	5393	491	829	350	524	4400	43.1
Tissue Paper	45081	28334	4889	3136	5966	3690	39902	-17.8
Paperboard, Total	154360	42734	22556	7053	21084	6250	222225	47.5
Convtd Paper&Paperbd Products	93747	141708	10104	16587	11030	12778	118872	45.9
Wet Machine Board	2184	1481	183	116	204	156	2309	7.8
Construction Paper & Board	352104	89898	22566	6701	21978	6675	251958	-36.3

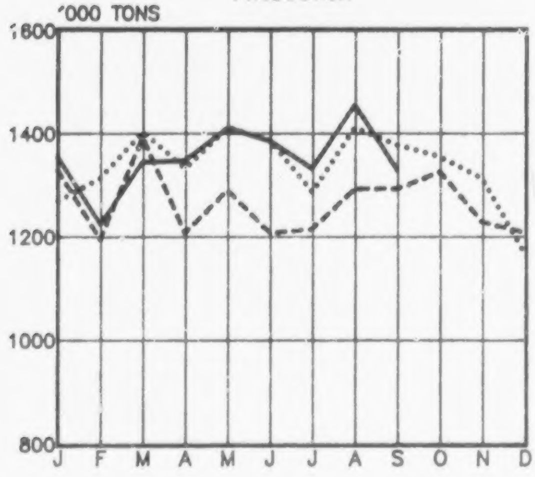
EXPORTS TO CANADA

	YEAR 1985 Tons	1985 $000's	JULY Tons	1986 $000's	AUG. Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	3774	238	1097	95	38451	-10.7
Pulpwood chips	82626	4780	11981	560	11880	610	82877	-4.2
Wood Pulp, Total	203934	79541	20325	5879	18136	5559	261393	24.8
Cotton Pulp & Other Pulp	15083	6252	2453	921	3917	1177	28875	151.8
Waste Paper	209087	23249	23606	2585	21659	2323	203195	-10.3
Paper, Board & Products, Total	736140	485290	83357	33513	55848	37251	889023	22.3
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	71673	21980	42126	24785	739098	31.8
Paper, Paperboard & Products	710785	473839	82040	32820	52711	36465	861128	22.5
Paper & Paperboard, Only	554413	322162	70356	21288	38989	24000	711203	32.5
Paper, Total	271754	223971	23055	14187	18454	17277	287494	0.1
Newsprint	3757	3276	386	359	369	366	3973	10.3
Printing, Writing & Rel. Pap.	133800	118625	9690	7249	9896	9602	122753	-14.3
Pack. & Ind. Conv. Paper	41327	23536	1193	860	2356	1635	26375	-41.8
Special Industrial Paper	90071	74893	11443	5141	5502	5233	131326	42.2
Tissue Paper	2799	3641	343	578	331	441	3068	7.9
Paperboard, Total	282658	98191	47301	7101	20535	6723	423709	69.8
Convtd Paper&Paperbd Products	156372	151676	11684	11533	13722	12466	149925	-9.8
Wet Machine Board	5786	4243	362	269	1608	224	11109	106.4
Construction Paper & Board	19570	7209	955	423	1529	561	16787	-9.9

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 27-Oct-86

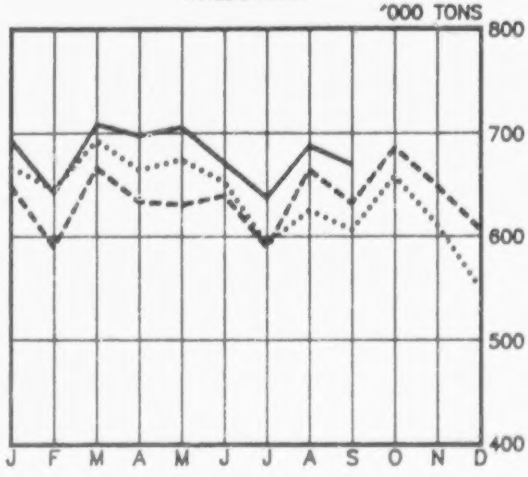
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



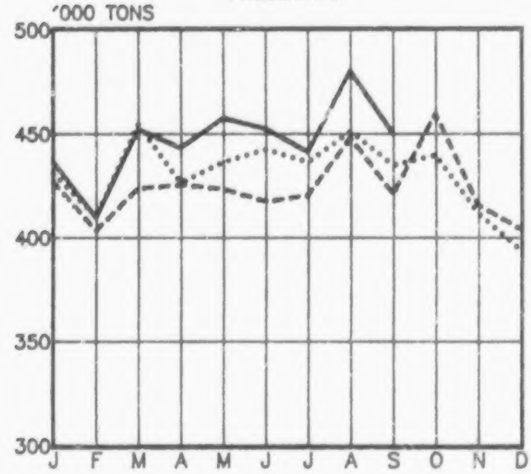
RECYCLED PAPERBOARD

PRODUCTION



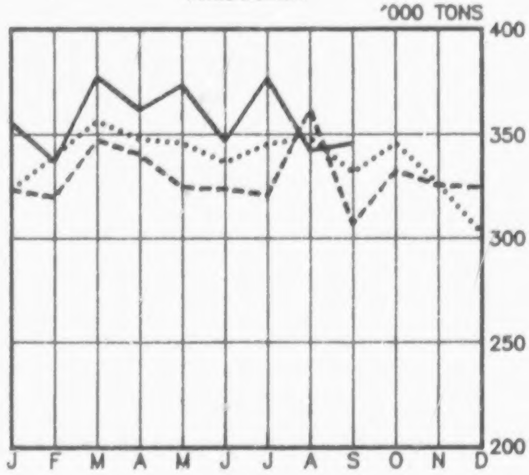
SEMICHEMICAL PAPERBOARD

PRODUCTION



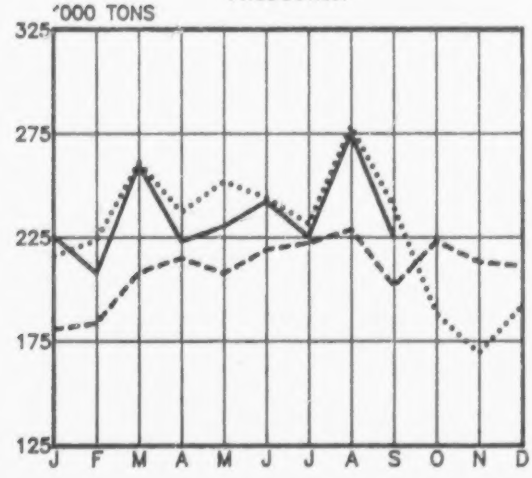
SOLID BLEACHED PAPERBOARD

PRODUCTION



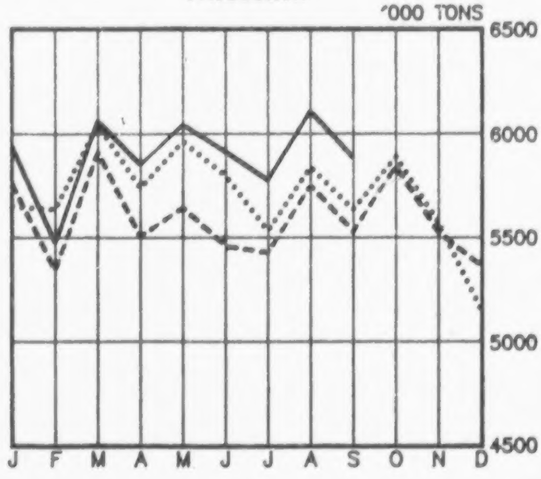
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - -1986 ———

IMPORTS

	YEAR 1985 Tons	1985 $000	1986 JULY Tons	1986 JULY $000	1986 AUG. Tons	1986 AUG. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	2960	183	292	95	36887	-17.0
Pulpwood Chips	789382	22006	28836	752	52144	1545	807078	-2.6
Total All Imports	16156209	7255817	1556047	722034	1468774	668183	16722074	3.3
Wood Pulp Total	4465746	1520907	401313	140114	421710	152985	4603631	1.3
Waste Paper	87413	10160	7874	882	7280	841	96297	12.5
Other Fibrous Materials	81430	26949	8267	2737	7741	2138	127941	31.9
Paper Board & Products Total	11521619	5697802	1138593	578300	1032043	512219	11894206	3.8
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	1103668	504616	1001805	445731	11531235	3.0
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	1108182	568352	1001250	502603	11551719	5.0
Paper & Paperboard Only	10821629	4962757	1073257	494667	971012	436115	11188747	4.2
Paper Total	10637428	4906862	1048475	485723	947995	428916	10927780	3.5
Newsprint	8496568	3638716	822825	353051	759518	319239	8712974	3.5
Printing & Writing	1912867	1116225	198195	116000	159494	91907	1917387	-0.3
Uncoated Groundwood	1027211	530619	102420	51744	82522	41548	954141	-7.6
Coated Print.& Impreg. Pap.	496072	363855	48660	36259	37571	26603	477833	-9.1
Uncoated Free Sheet	364848	198432	44304	25565	34036	20193	438939	29.1
Uncoated Book	200927	106586	22442	13195	15170	9134	220719	19.5
Writing and Similar Paper	163921	91846	21862	12371	18867	11060	218219	40.5
Thin (except Cigarette)	23712	22276	2717	2355	5283	3501	45601	85.9
Bristols	1024	1043	95	77	82	61	673	-43.6
Total Pkg & Other Paper	172003	116390	22204	13090	20514	12585	233169	43.5
Unbleached Kraft Paper	63604	23976	11294	4206	10517	3833	106692	106.7
Other Pkg. & Indust. Paper	108398	92414	10910	8884	9998	8752	126478	14.1
Tissue	55991	35551	5251	3581	8469	5184	64250	14.5
Paperboard, Total	184201	55875	24782	8945	23016	7200	260968	47.5
Test or Containerboard	50975	16848	7043	2324	8115	2690	75105	48.7
Semi-Chemical Corrugating	65203	13706	11099	3313	8154	1785	96443	54.2
Other Paperboard	68023	25321	6640	3308	6748	2725	89419	39.9
Convtd Paper&Paperbd Products	283525	623320	34925	73684	30238	66488	362971	39.5
Paper Products, Total	258934	572316	32089	67929	28024	61723	334429	41.3
Paperboard Products, Total	24592	51004	2836	5755	2214	4764	28542	20.8
Wet machine Board	3270	2585	240	178	252	209	3369	2.4
Construction Paper & Board	413196	109140	30171	9770	305.2	9407	339118	-25.7
Notes								
Other: No Weight Avail. ($000)		228219		22271		17630	206185	-3.3
Total Imports Incl. Other($000)		7484036		744305		685813	7748650	3.4

EXPORTS

	YEAR 1985 Tons	1985 $000	1986 JULY Tons	1986 JULY $000	1986 AUG. Tons	1986 AUG. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (cords)	51765	3037	3774	238	1097	65	(1) 42950	-1.5
Pulpwood Chips	2116137	168814	205047	15103	202125	14603	2175659	-5.9
Total All Exports	11261281	4042068	1051826	364271	1164780	429631	13102919	15.3
Wood Pulp,Total	3791102	1352708	299457	113796	417775	161878	4403244	14.3
Cotton Pulp and Other Pulp	107224	71802	9779	5043	11701	6158	164711	57.6
Waste and Old Paper	3285926	349258	310006	33501	333091	39262	3712908	11.7
Paper, Board & Products,Total	4077029	2268300	432584	211931	402213	222333	4812057	18.1
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	393747	157915	358002	163939	4295870	21.0
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	425892	208047	393852	218069	4708334	17.7
Paper & Paperboard, Only	3517311	1548451	387055	154031	349641	159675	4202146	20.6
Paper, Total	779000	594338	83248	52229	82639	59639	879863	10.7
Newsprint	314385	131379	45735	21287	43128	21361	369160	17.5
Printing & Writing	202826	201845	14009	12996	15824	16305	194854	-5.1
Uncoated Groundwood	36779	31727	2828	1989	2877	2316	44335	13.6
Clay Coated Paper	82461	65710	5896	3812	6081	4595	79954	4.4
Uncoated Free Sheet	64573	77929	3577	5224	4325	6766	50100	-27.4
Other Printing & Writing	19013	26479	1707	1970	2541	2628	20465	-1.2
Total Pkg. & Other Paper	243671	242909	22289	16177	22217	19655	299901	17.6
Unbleached Kraft	67695	29931	4982	1968	9523	3874	82121	10.6
Other Pkg. & Indust. Paper	175976	212978	17306	14209	12694	15780	217779	20.5
Tissue	18118	18205	1216	1769	1471	2318	15949	-20.4
Paperboard, Total	2738310	954113	303807	101802	267002	100036	3322283	23.4
Solid Wood Pulp	2492746	872281	261827	96150	250143	93825	2970412	19.8
Total Linerboard	1807151	480909	195282	58877	181873	56812	2171148	22.7
Bleached Kraft Linerboard	130359	45687	13107	5468	12128	4548	153652	33.1
Unbleached Kraft Linerbd	1676791	435222	182175	53409	169744	52264	2017495	22.0
Other Unbleached Kraft	100651	41053	15548	5621	13179	5019	158517	34.5
Other Bleached Kraft	523091	335026	46156	30286	48435	29989	570066	5.8
Semi-Chemical Corrugating	61853	15293	4841	1366	6657	2005	70681	30.9
Recycled Paperboard	245564	81833	41980	5652	16859	6211	351871	66.7
Convtd Paper&Paperbd Products	490910	680143	38837	54015	44211	58394	506187	-1.7
Paper Products, Total	237191	464174	17794	34996	19849	38822	226404	-10.4
Paperboard Products, Total	253719	215970	21044	19020	24362	19572	279784	6.7
Wet Machine Board	13380	6930	985	502	2042	423	19939	61.2
Construction Paper & Board E	55429	32776	5707	3382	6319	3841	73784	41.6
Notes								
Other: No Weight Avail. ($000)		6618		555		367	7644	13.8
Total Exports Incl. Other($000)		4048687		364826		429998	4550293	9.5

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1984	1985	JUNE 1986	JULY 1986	AUGUST 1986	SEPTEMBER 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	292.1	293.7	295.8	297.7	291.7	-0.6
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	294.2	295.4	297.4	299.3	293.9	-2.7
Total Wood Pulp	395.0	347.2	357.5	367.7	365.9	371.5	348.7	-0.4
Total Paper	303.2	303.6	304.5	305.6	307.5	308.9	304.2	[illegible]
Total Paper, exc. Newsprint	301.2	298.8	298.8	299.2	302.5	303.8	298.6	-0.4
Newsprint	324.1	332.9	323.1	323.6	322.2	322.3	323.6	-3.0
Total Paperboard	280.6	275.5	268.6	270.5	274.1	276.8	268.4	-3.8
Total Paper and Paperboard *	296.1	294.8	293.2	294.6	297.0	298.9	293.3	-1.1
Converted Products	280.7	288.1	287.8	288.2	290.3	291.8	288.0	-0.3
Waste Paper	240.1	148.8	168.3	195.0	200.3	204.4	163.1	4.5
All Commodities	310.4	308.9	298.9	297.7	297.2	297.7	300.3	-2.7
Industrial Commodities	322.6	324.0	311.6	308.5	307.7	304.8	313.0	-3.3

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Paper and Allied Products Companies

Sales and Earnings

	Sales			Net Profit After Taxes			Earnings/Sales	
	1986	1985	Change 86/85	1986	1985	Change 86/85	1986	1985
	(Million Dollars)		%	(Million Dollars)		%	%	%
32 Paper and Allied Products Companies								
First Quarter	11,861	11,959	-0.8	412.5	522.9	-21.1	3.5	4.4
Second Quarter	12,690	12,314	3.1	624.5	584.7	6.8	4.9	4.7
Third Quarter	13,351	11,889	12.3	648.5	475.4	36.4	4.9	4.0
Year to Date	37,902	36,161	4.8	1,685.5	1,583.0	6.5	4.4	4.4
4 Forest Products Companies								
First Quarter	3,307	3,210	3.0	80.8	89.8	-10.0	2.4	2.8
Second Quarter	3,897	3,624	7.5	182.5	134.0	36.2	4.7	3.7
Third Quarter	3,792	3,458	9.7	185.7	82.9	123.9	4.9	2.4
Year to Date	10,996	10,292	6.8	449.1	306.7	46.4	4.1	3.0
5 Paper Related Companies								
First Quarter	19,371	19,912	-2.7	656.8	520.3	26.2	3.4	2.6
Second Quarter	17,735	19,211	-7.7	801.7	601.6	33.3	4.5	3.1
Third Quarter	17,111	19,895	-14.0	546.0	90.5	503.5	3.2	0.5
Year to Date	54,217	59,017	-8.1	2,004.5	1,212.4	65.3	3.7	2.1
2 Canadian Companies								
	(Canadian Dollars)			(Canadian Dollars)				
First Quarter	1,210	1,109	9.1	63.1	57.7	9.4	5.2	5.2
Second Quarter	1,276	1,190	7.2	53.7	41.3	30.0	4.2	3.5
Third Quarter	1,302	1,159	12.3	66.2	50.5	31.1	5.1	4.4
Year to Date	3,788	3,458	9.5	183.0	149.5	22.4	4.8	4.3

American Paper Institute
Economics Department
October 29, 1986

The seasonally adjusted rate of production of containerboard for domestic use moved upward in September, as did the rate of boxboard production for domestic use.

FIBROUS RAW MATERIALS

Production of wood pulp is paralleling that of paper and paperboard. Market pulp production, however, continues to show much stronger gains, with the January-September 1986 total estimated to be 11% above that of the comparable 1985 period. Most of this strength is concentrated in chemical paper grade market pulp, where the nine-month 1986 total was up 12%. In addition, inventories held by producers declined by 176,000 tons, so that total shipments of these pulps rose by 14%. The gain in shipments reflected increases in all the major pulp markets, with shipments to the domestic market rising by 5% and shipments to the United Kingdom and Western Europe showing a 24% increase.

While consumption of total fibrous raw materials at pulp and paper mills moves in line with total production, the table at the bottom of page 5 shows a shift in the composition from wood pulp to waste paper so far this year. The data show that consumption of waste paper in the first 8 months of 1986 rose 8.6%, compared to a 4.2% increase in consumption of wood pulp. Some of this gain can be traced to the growth in production of recycled paperboard -- reported at a 7.3% gain from the first nine months of 1985 to the comparable 1986 period. In that same period production of solid wood pulp paperboard rose 6.9%.

EMPLOYEE RELATIONS

The American Paper Institute's Employee Relations Department reported that as of September 30, 1986 the average first year negotiated wage increase was 0.4% in 90 new labor agreements at paper and paperboard mills covering 36,296 employees. Lump sum bonuses with no wage increases were provided in 60 of these settlements. (Lump sum amounts were not factored into the reported 0.4% first year increase.) The heaviest round of bargaining is in the Southern region, where 59 mills have labor contracts expiring this year. Only 24 of these had reached agreement by September 30.

Data from the Bureau of Labor Statistics show that average hourly earnings at pulp and paper mills in the first eight months of 1986 were 4.1% ahead of their comparable 1985 level while earnings at paperboard mills rose 3.6%. The BLS figures include overtime and vacation pay, but do not include

Continued on Page 12

Continued from Page 11

non-payroll benefits such as pension, medical and social security payments. In that same period, output per production worker manhour at pulp paper and paperboard mills, as calculated by the American Paper Institute, rose by 5.9%. Part of this rather large increase resulted from the rapid gain in production over 1985 levels. The gain from the average 1984 rate was only 5.3%, while the comparable increase in average hourly earnings was 8.5% at pulp and paper mills and 7.4% at paperboard mills.

CAPITAL APPROPRIATIONS

In a recent report the Conference Board reported that capital appropriations by those paper and allied products companies included in the 1,000 largest companies in the United States increased their newly approved appropriations to $1,130 million in the second quarter of 1986, from an average of $701 million in the previous four quarters. However, capital expenditures totaled $1,256 million for these same companies in that period which, together with cancellation of previously approved appropriations, brought the closing backlog of unspent appropriations down to $3.9 billion, down from $5.2 billion as of the end of the second quarter of 1985.

The latest report by the Department of Commerce indicated that total capital expenditures by all paper and allied products companies in the United States would reach $8.87 billion in 1986, 3.3% above the previous high of $8.59 billion established in 1985. The upturn in capital appropriations reported by the Conference Board lends further credence to the Department of Commerce's estimate.

SALES AND EARNINGS

The increase in paper and paperboard production from the second to the third quarters of 1986 was fully reflected in increases in dollar sales. Data reported in the press by 32 paper and allied products show their combined net sales rising by 5.2% from the second to third quarter of the year. In past years sales have held steady or even declined because of summer shutdowns of the mills for vacation, maintenance and repair.

After-tax earnings also showed a contra-seasonal rise of 3.8% from the second quarter, holding the margin on sales to the 4.9% realized in the second quarter of this year. This may be compared to the 5.4% average for the 1975-1981 period.

Relative to their comparable 1985 totals, the third quarter 1986 sales total was up 12.3%; after-tax earnings up a remarkable 36.4%. The sales gain served to bring the year-to-date sales total 4.8% ahead of its comparable 1985 total and year-to-date earnings up 6.5%. The 1986 year-to-date sales margin remained at the year-ago's 4.4%.

The table on the lower part of page 10 presents the data on sales and earnings for the reporting companies for the first three quarters of 1985 and 1986 as well as data on four lumber and wood products companies with paper industry operations, and two Canadian companies.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

October 31, 1986

	PRODUCTION (000 TONS)					
	Sept. 86	Aug. 86	Sept. 85	Jan. - 86 -	Sept. 85	% Change 86/85
PAPER GRADES						
Newsprint	462	486	447	4217	4103	2.8
Printing & Writing	1675	1680	1463	14628	13808	5.9
Uncoated Groundwood (s)	132	126	125	1129	1117	1.1
Coated Paper (s)	555	556	438	4616	4475	3.2
Uncoated Free Sheet Paper (s)	877	884	793	7851	7244	8.4
Thin Paper (s)	22	15	20	172	179	-4.1
Cotton Fiber Paper (s)	12	12	12	113	107	5.2
Bleached Bristols (s)	78	87	75	747	686	8.9
Tissue Paper	419	429	396	3798	3688	3.0
Total Pkg & Other Paper	425	429	467	3860	3927	-1.7
Unbleached Kraft Packaging & Indl. Converting (s)	274	277	314	2531	2576	-1.7
Other Paper *	151	152	153	1330	1352	-1.6
TOTAL PAPER	2982	3025	2772	26502	25526	3.8
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1437	1575	1398	13194	12332	7.0
Unbleached Kraft Linerboard	1328	1455	1293	12181	11423	6.6
Other Unbl. Kraft Paperboard	109	120	105	1014	909	11.5
Semichemical Paperboard	450	481	421	4022	3809	5.6
Bleached Paperboard	346	342	307	3215	2966	8.4
Recycled Paperboard	669	687	631	6108	5691	7.3
TOTAL PAPERBOARD	2902	3085	2757	26540	24798	7.0
TOTAL PAPER AND PAPERBOARD	5884	6109	5529	53042	50324	5.4

WOOD PULP (ALL GRADES)	Aug. 86	July 86	Aug. 85	Jan. - 86 -	Aug. 85	% Change 85/84
Dissolving & Special Alpha	113	103	77	840	796	5.4
Bleached Sulfite	131	115	113	941	909	3.5
Unbleached Sulfite	13	12	16	111	135	-17.6
Bleached & Semi-Bl. Sulfate	2054	1973	1881	15992	15177	5.4
Unbleached Sulfate	1694	1773	1655	13804	12985	6.3
Semichemical	359	368	348	2762	2712	1.9
Groundwood & Thermomechanical	469	474	427	3673	3545	3.6
TOTAL PULP DIVISION DATA	4833	4818	4518	38123	36259	5.1

(s) - Shipments R - Revised
P - Preliminary

OCTOBER 31, 1986	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	July	August	September	1986	
Total Production (API).......: excluding :...	68450	67056	5773	6109	5884	70723	5.4
Total Seasonally Adjusted....:construction:...			6039	5982	5899	70413	5.4
Imports (including Products).: and wet :..E	10576	11106	1108	1002	N.A.	11569	4.4
Exports (including Products).: machine :..E	4309	4009	426	394	N.A.	4718	17.2
Apparent Consumption.........: grades :...	74717 a	74153 b	6722	6590	6474	77263 c	4.6
Paper Production % Tonnage Capacity...........	92.7 g	90.5 g	86.9	91.1	92.5	92.3 gh	-
Paperboard Production % Tonnage Capacity......	94.6 g	89.9 g	89.0	95.1	92.0	93.6 g	-
			June	July	August		
IMPORTS.....:Including Construction and :...	11075	11521	924	1139	1032	11894	3.8
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	385	433	402	4802	18.1
			June	July	August		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6897	6800	640	637	673	7511	9.5
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54170	4842	4818	4833	57185	5.1
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	370	401	422	4602	1.2
WOOD PULP EXPORTS - TONS (000)..................	3594	3791	372	299	418	4403	14.3
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			June	July	August		
Wood Pulp.............:consumption for:.....	54562	53297	4694	4616	4729	55643	4.2
Waste Paper...........:construction & :.....	15926	15290	1384	1320	1390	16563	8.6
TOTAL..........: WMB grades :.....	70488	68584	6078	5936	6119	72207	5.2
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7563	7812	7582	91226	6.4
EMPLOYMENT (000)			July	August	September		
Paper and Allied Products..........Total......	682.3	683.2	690.1	690.0	688.7	687.6	0.8
Pulp, Paper and Board Mills........Total.....E	263.9	257.7	252.6	250.0	250.0	252.9	-2.2
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.44	10.82	11.14	11.31	11.18	11.11	3.1
Pulp, Paper Mills..........................E	12.45	13.11	13.53	13.82	13.75	13.53	3.9
Paperboard Mills...........................E	12.99	13.60	14.00	14.21	14.03	13.95	3.5
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q4	1986 Q1	1986 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.59	9.56	8.67	9.02	8.87y	3.3
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			July	August	September		
:IN PULP, PAPER :...Production Workers..........	125.5	125.1	135.4	139.1	136.8	133.4	7.0
:AND BOARD MILLS:...All Employees...............	123.9	124.1	135.3	138.0	135.6	132.7	7.5
PAPER AND ALLIED PRODUCTS (Million $)			July	August	September		
Industry Shipments (Dept. of Commerce)*........	95990	97664	9317	9299	9529	107768	10.7
Pulp, Paper and Paperboard*..................	41539	41830	4025	3929	4065	45571	9.3
Inventories (End of Period) - Total Industry*..	9701	9728	10029	10114	10059	10059	4.5
Pulp, Paper and Paperboard*..................	3662	3800	3931	3885	3918	3918	5.3
			1985 Q4	1986 Q1	1986 Q2		
Sales (Corporations Only)......................	71891	71465	17694	17575	18470	72090	0.4
Earnings (Corporations Only)...................	3015	2880	695	589	922	3022	-4.8
Depreciation (Corporations Only)...............	2798	3099	775	820	844	3328	9.3
Net Worth (Corporations Only)..................	28160	29694	29780	30033	30646	30646	3.1
PRICE INDEXES (Bureau of Labor Stats)1967=100			July	August	September		
Pulp, Paper & Products, ex. Building Grades....	293.3 z	292.0 z	293.7	295.8	297.7	291.9 z	-0.5
Wood Pulp......................................	397.2 z	346.6 z	367.7	365.9	371.5	350.9 z	0.0
Waste Paper....................................	240.1 z	148.8 z	195.0	200.3	204.4	163.3 z	4.5
Paper..	302.9 z	303.4 z	305.6	307.5	308.9	304.3 z	0.0
Paperboard.....................................	281.5 z	274.6 z	270.5	274.1	276.8	269.3 z	-2.9
PAPER DEMAND (INDEXED: 1977=100)			July	August	September		
Total Paper Production *.......................	124.0	122.9	130.8	129.8	129.6	127.5	3.8
Paper New Supply *.............................	127.6	128.7	140.6	136.0	136.0	133.3	3.7
Demand Indicators - (Weighted Average) *.....	136.7	141.6	150.7	149.3	149.5	147.9	4.8
Production of Nondurable Goods *...(21.2%).	122.5	125.3	132.1	132.0	132.2	130.3	4.4
Disposable Income ....*.(23.9%)	124.0	126.8	132.2	132.0	131.5	131.4	3.8
Total Printing and Publishing *...(54.9%).	147.8	154.3	166.0	163.5	164.0	161.8	5.3
Trend Factor				Not Available			
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	117.3	114.3	125.2	123.8	120.5	121.2	7.0
Production for Domestic Use	115.2	112.8	123.7	120.0	118.7	119.0	6.5
Demand Indicators - (Weighted Average) *.....	118.3	120.1	122.3	122.2	122.4	121.9	1.8
Production of Consumer Goods *...(62.06%)	118.2	120.5	125.1	124.9	125.2	124.1	3.5
Production of Equipment *...(5.75%)	140.5	146.4	141.3	142.5	143.0	142.8	-2.5
Production of Materials *...(32.19%)	114.6	114.5	113.5	113.4	113.4	113.8	-0.7
Trend Factor				Not Available			
NEWSPRINT MARKETS			June	July	August		
Consumption by Publishers - Tons (000).........	12602	12773	1097.9	1026.2	1105.6	12844	3.6
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	462.3	461.6	460.7	460.2	2.0
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	154769	12700	8835	9688	140908	-2.0
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3184	3181	3211	37766	10.3
Inventories (End of Period).	2724	3155	3158	3160	3188	3188	4.9
FIBRE BOX DATA (Fibre Box Association)			July	August	September		
Fibre Box Shipments (Million square feet).......	267549	267451	23891	23737	24390	283611	6.0
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2389	2344	2240	2240	-12.5
RETAIL TRADE (Million $)			June	July	August		
Total Retail Sales *..........................	1291835	1378161	118960	119258	121574	1420662	4.0
Nondurable Goods Stores Sales *...............	841417	866541	73364	73375	73878	879758	2.3
GENERAL ECONOMIC DATA			July	August	September		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.2	124.9	125.1	125.3	124.8	0.6
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.3 z	308.7 z	297.7	297.2	297.7	300.3 z	-2.7
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	328.0	328.6	330.2	327.6	2.1
			June	July	August		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	566.1	572.9	579.6	579.6	14.0
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q1	1986 Q2	1986 Q3		
G.N.P. or Expenditure - Current $..............	3765.0	3998.1	4149.2	4175.6	4234.3	4186.4	5.5
G.N.P. or Expenditure - 1982 $.................	3489.9	3585.2	3655.9	3661.4	3683.3	3666.9	2.6

lb/capita Pap&Papbd	Othr		Totl	Popul(mil)
.a - 631 +	19	=	650	237.0
.b - 620 +	18	=	638	239.3
.c - 640 +	17	=	657	241.5

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data: standard dev. = 6-8%
N.A. - Not Available
Q - Quarter
z - includes revisions not on Page 10
R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

12/16/86 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY · Vol. 64 · No. 11 NOVEMBER 1986

PAPER AND PAPERBOARD 1986: RECORD-SHATTERING PRODUCTION

With only a few weeks left in the year, production of paper and paperobard is approaching a record-breaking high of 70,600,000 tons, equivalent to 93.4% of the available capacity. This total was 5.3% above the inventory-depressed level of 67,076,000 tons produced in 1985 and 3.1% above the 1984 high of 68,487,000 tons.

The trend of production during the course of the year was generally upward, with each quarterly total making new highs. The annual rate, which was 69.3 million tons per year (seasonally adjusted) in the first quarter, rose to a 70.3 million tons per year rate in the second quarter and an extraordinary 71.6 million tons per year in the third. Weekly data through mid-November indicate that the fourth quarter rate remains close to the third quarter high.

PRODUCTION BY GRADE

PAPER: Among the paper grades, the largest gains were in coated and uncoated free sheet papers. Domestic shipments of coated papers had been relatively slow at the beginning of the year, as imports remained high and printers continued to hold their inventories at relatively low levels. However, shipments moved up strongly after mid-year, as domestic producers recovered some of the market from importers and printers resumed some inventory building. By the end of the third quarter coated paper shipments rate had moved to new highs. The January-October rate of 6,222,000 tons per year (as shown in the table on page 3) was 4.6% above the comparable inventory-depressed 1985 level and close to the record high total shipped in 1984. Much of the strength in the second-half of 1986 came from commercial printers, who tend to use the higher grades of coated papers, but demand from magazine and other periodical publishers was also well above first half levels.

Continued on page 2

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Continued from page 1

The gain in the uncoated free sheet papers continues to be concentrated in the bond and writing papers and in form bond papers. The former category includes office copy papers, where demand remains in a strong uptrend as the copier population grows. The form bond grade includes papers for computer printouts; the growing number of personal computers used in businesses of all sizes is one strong factor in the rising demand trend for these papers.

Domestic production of both newsprint and printing papers is also moving to new highs in 1986, although the gains, as shown in the table on page 3, are more moderate relative to other grades. In terms of operating rates, however, newsprint production is running at the 96% level; tissue paper at 92%. Total demand for newsprint by newspaper publishers averaged 13.2 million tons per year on a seasonally adjusted basis in the first ten months of 1986. United States producers supplied 40.4% of this total, Canada 57.0% and overseas producers the remaining 2.6%. Last year U.S. producers supplied 40.2% of the total, Canadians 57.3% and overseas producers 2.5%. As in coated papers, the fall in the value of the dollar appears to have strengthened the market position of domestic producers.

PAPERBOARD: The paperboard grades have shown even larger 1985-1986 gains than paper, reflecting both the modest levels of 1985 (a result of major inventory reductions of containerboard) and the resurgence in export demand in kraft paperboard. The 1986 total output of paperboard is moving to a record-high of 35.1 million tons, 6.2% above the 1985 total and more than one million tons -- 3.1% -- above the previous high established in 1984.

The gains were shared by all the major grades and market groups (see table on page 3). Containerboard production for domestic use, for example, was 6.5% above its year-ago level in the first ten months of 1986, and 2.3% above its 1984 total. Shipments of fibre boxes rose 5.9% over their comparable 1985 total and, on a seasonally adjusted basis, about 5.7% above their 1984 total. Inventories at both mills and plants continued their downward slide and as of November 1, 1986 were at a 5-year low, whether measured in tons or weeks of supply.

The containerboard grades include kraft linerboard, semichemical paperboard and the recycled linerboard and corrugating materials. Production of total kraft paperboard in 1986 was bolstered by a 12.5% gain in exports, reflecting the effects of the lower value of the dollar in export markets.

Continued on page 10

PAPER AND PAPERBOARD STATISTICS

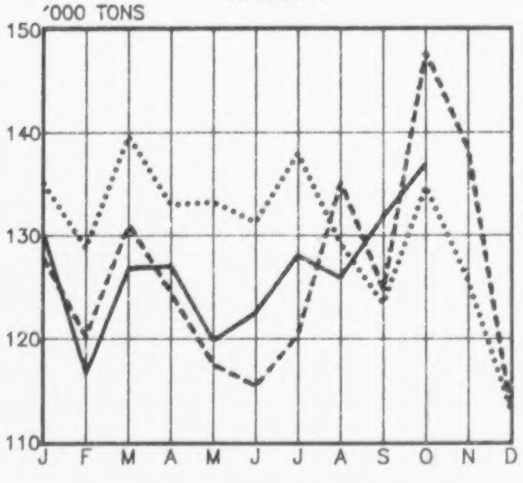
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR		JUL	AUG	SEPT	OCT	Annual Rate Y-T D	% Change From same Period
	1984	1985	1986	1986	1986	1986	1986	Last Year
PAPER								
Newsprint - Production	5539	5428	477	486	462	469	5623	3.0
- Shipments	5584	5417	465	472	455	481	5553	2.0
Printing & Writing Sum	18433	18471	1592	1684	1671	1759	19679	6.2
Groundwood Paper - Shipments	1565	1516	128	126	132	137	1519	3.1
- New Orders	1575	1477	152	138	118	122	1540	3.0
-Unfilled Orders	140	106	141	149	139	139	139	13.5
Coated Papers - Shipments	6249	5075	484	556	555	569	6222	4.6
- New Orders	6281	5642	529	562	551	564	6317	11.0
- Unfilled Orders	575	393	475	467	497	494	494	24.3
Unctd Free Sheet - Shipments	9207	9750	874	884	872	934	10537	3.2
- New Orders	8939	9704	889	922	845	905	10583	9.2
- Unfilled Orders	430	509	580	614	588	609	609	20.[illegible]
Thin Papers - Shipments	303	262	19	19	21	19	247	-5.7
Cotton Fiber Paper - Shipments	147	144	11	12	13	14	153	5.9
Bleached Bristols - Production	961	924	77	87	80	86	1002	9.1
Tissue Paper - Production	4921	4941	395	428	412	446	5083	2.3
Total Packaging & Other Paper	5555	5202	417	429	425	435	5154	-1.9
Unbl. Kraft Paper - Shipments	3666	3403	277	277	274	272	3363	-2.3
Other Paper - Production	1889	1799	140	152	151	163	1791	-1.3
TOTAL PAPER Production Unadj.	34447	34042	2831	3028	2971	3109	35539	3.9
Production S.A.			3021	2998	2980	2980	35376	4.0
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2256	2397	2229	2334	27314	6.8
Total Unbl. Kraft Paperboard	17185	16368	1439	1575	1438	1511	17647	7.0
Unbl. Kraft Linerboard (1)	16037	15183	1331	1455	1329	1394	16290	6.5
Production for Export	2086	1830	163	206	161	153	2057	12.5
Other Unbl. Kraft Paperboard	1149	1184	107	120	109	117	1357	13.2
Semichemical Paperboard	5169	5088	441	481	450	455	5372	4.9
Production for Export	149	189	14	26	22	17	200	5.7
Solid Bleached Paperboard	4048	3948	377	342	341	368	4295	8.5
Production for Export	478	466	46	42	40	44	511	11.1
Recycled Paperboard	7637	7630	637	687	669	719	8193	7.1
Production for Export	17	26	2	1	2	3	25	-7.0
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	2893	3085	2898	3053	35507	6.9
- Containerboard Prod.(Dom. Use)	20993	20042	1773	1888	1765	1858	21483	6.5
- Boxboard Prod.(Dom. Use) (2)	5783	5673	475	483	482	518	5976	4.8
- All Other P'bd Prod.(D.U.) (2)	4531	4808	420	439	426	461	5255	8.5
- Total Paperbd Prod. for Export	2731	2511	225	275	225	217	2794	11.5
TOTAL PAPERBOARD PROD.- S.A.			3020	2987	2904	2953	35116	6.9
TOTAL PAPER AND PAPERBOARD								
Production - actual	68487	67076	5774	6112	5869	6162	71047	5.4
Production - S.A.			6041	5985	5884	5933	70492	5.4

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

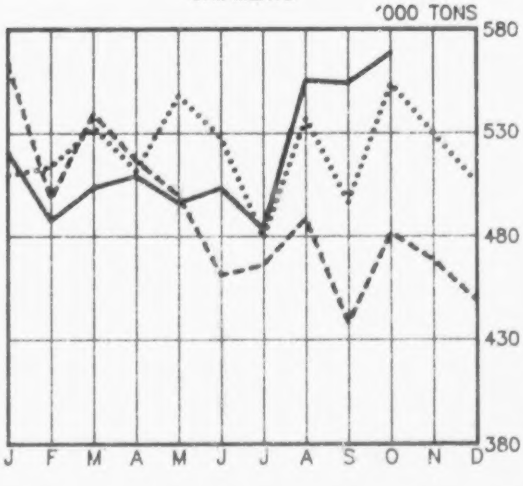
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



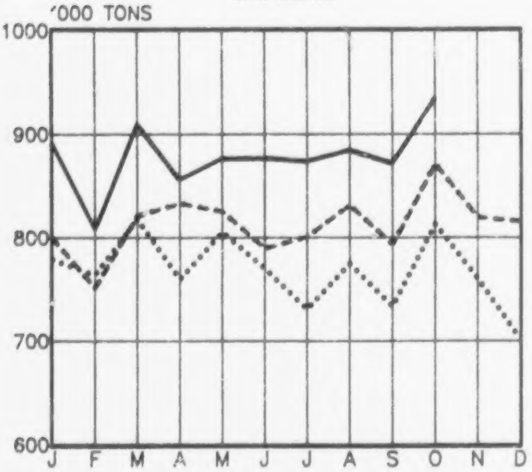
COATED PAPER

SHIPMENTS



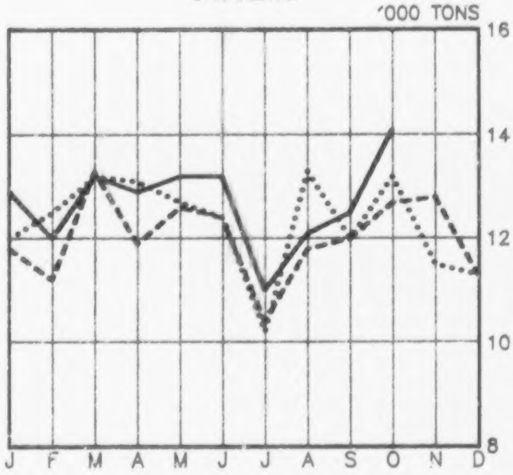
UNCOATED FREE SHEET PAPERS

SHIPMENTS



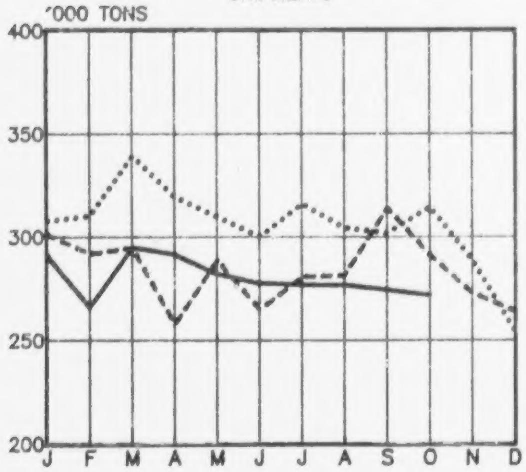
COTTON FIBER PAPER

SHIPMENTS



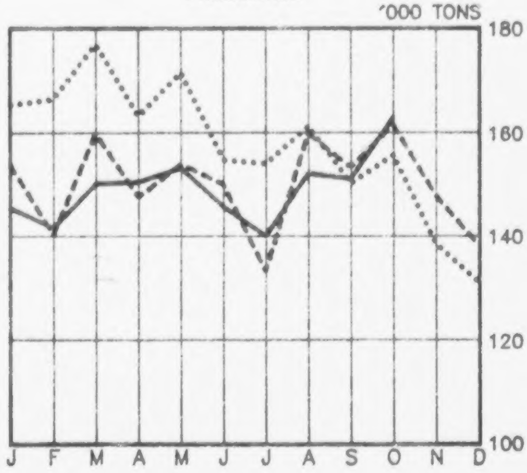
UNBLEACHED KRAFT PACKAGING
AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ········ 1985 - - - - - 1986 ———

WOOD PULP STATISTICS

(Thousands of Tons)

	YEAR 1984	YEAR 1985	JUNE 1986	JULY 1986	AUGUST 1986	SEPTEMBER 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54029	4844	4742	4903	4671	57108	5.6
- Imports	4490	4466	370	401	422	379	4597	2.3
- Exports	3594	3791	372	299	418	457	4523	18.4
- New Supply	56367	54704	4842	4843	4907	4592	57182	4.5
Dissolving Pulp - Production	1206	1174	107	103	113	104	1258	7.3
- Imports	161	175	22	20	28	24	260	48.2
- Exports	595	631	54	46	63	83	707	8.6
- New Supply	772	718	74	77	78	45	810	16.4
Paper Grades Chemical Pulp - Production	44690	43577	3942	3797	3961	3772	46202	6.0
- Imports	4023	4104	343	369	378	343	4218	2.6
- Exports	2945	3131	314	251	353	370	3757	19.4
- New Supply	45767	44550	3970	3914	3986	3745	46663	4.7
Groundwood and Thermo-Mech. - Production	5506	5251	450	474	469	457	5514	4.2
- Imports	306	187	6	12	15	12	119	-43.2
- Exports	54	23	4	2	2	4	59	153.1
- New Supply	5758	5409	452	484	483	464	5574	3.8
Semi-Chemical - Production	4069	4027	345	368	359	338	4134	2.9
- Imports			- - - - - Included in Groundwood Pulp - - - - -					
- Exports								
- New Supply	4069	4027	345	368	359	338	4134	2.9
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6898	6800	641	638	676	624	7517	10.7
- Imports	2968	2791	255	242	297	270	3105	10.4
- Exports	3511	3784	424	313	406	404	4490	18.8
- New Supply	6355	5807	472	567	568	489	6132	5.3
Dissolving Pulp - Production	1205	1171	105	102	113	104	1250	6.9
- Imports	204	174	20	12	25	21	220	19.2
- Exports	690	666	67	52	57	69	711	7.8
- New Supply	718	679	58	63	81	56	759	9.3
Paper Grades Chemical Pulp - Production	5680	5605	534	535	564	522	6262	11.8
- Imports	2664	2531	225	224	257	241	2783	9.7
- Exports	2821	3117	357	262	349	335	3773	21.2
- New Supply	5523	5019	403	497	471	428	5270	4.9
Groundwood Pulp and All Other - Production	14	24	2	0	0	0	5	-73.7
- Imports	100	86	10	0	10	7	97	12.6
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	11	7	10	6	103	-2.1

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS

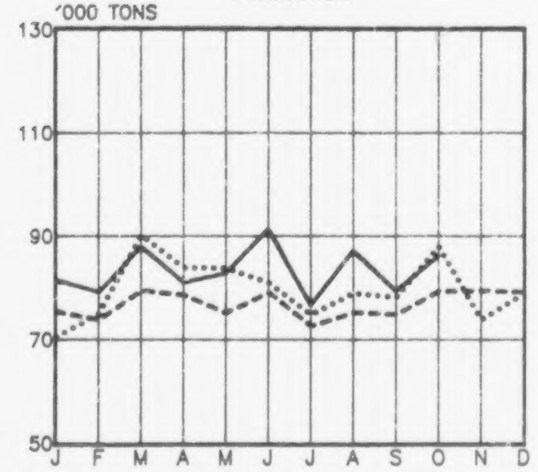
(Thousands of tons)

	YEAR 1984	YEAR 1985	JUNE 1986	JULY 1986	AUGUST 1986	SEPTEMBER 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68584	6079	5937	6119	5938	72140	5.3
Total Wood Pulp	54562	53297	4695	4617	4729	4558	55577	4.3
Waste Paper	15926	15290	1384	1320	1390	1380	16563	8.6
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	171	176	195	186	186	1.3
Producers' Market Inventories	585	486	304	353	352	303	303	-39.8
Consumers' Purchased Inventories	545	492	568	579	542	558	558	21.9
Waste Paper at Paper & Bd. Mills	1053	967	843	884	851	877	877	-8.5
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	18	20	20	17	17	-46.9

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

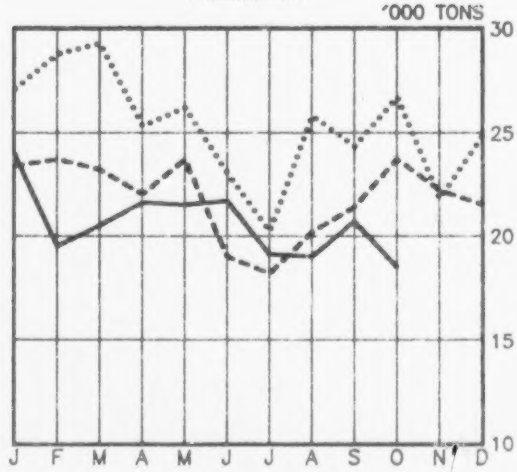
BLEACHED BRISTOLS

PRODUCTION



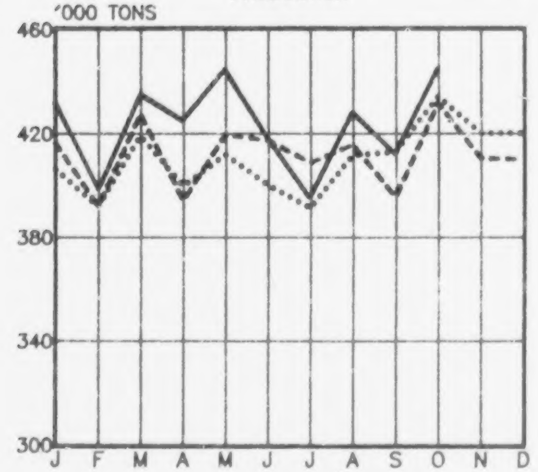
THIN PAPER

PRODUCTION



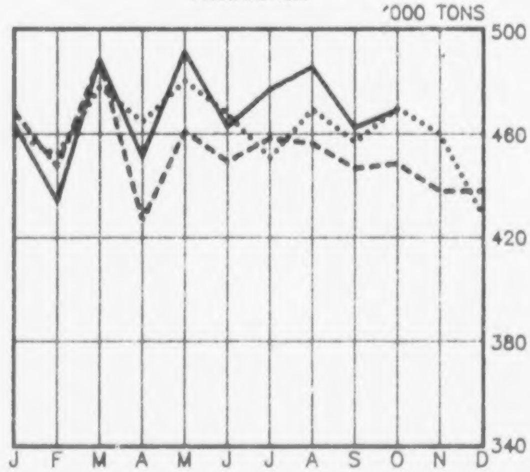
TISSUE PAPER

PRODUCTION



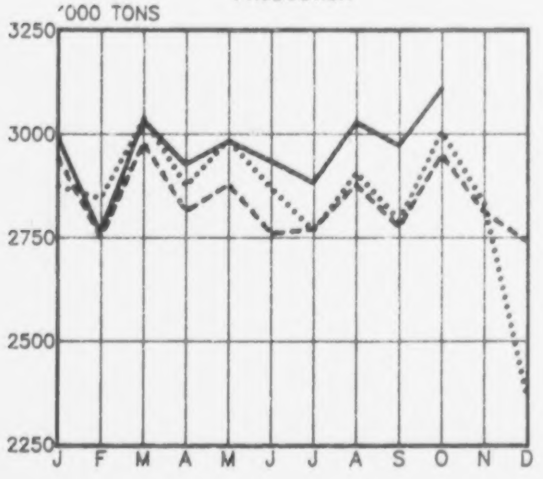
NEWSPRINT

PRODUCTION



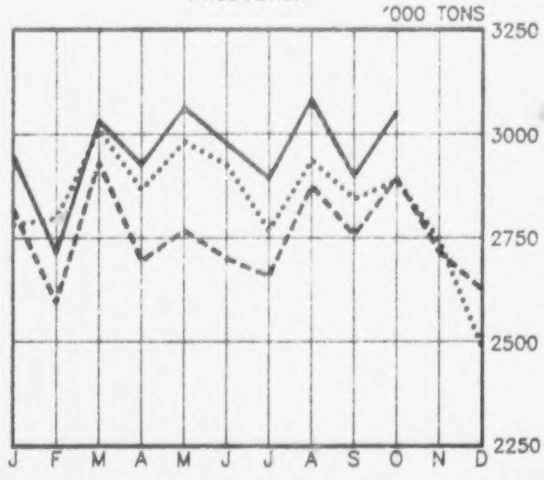
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - -1986 ————

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

PULPWOOD		YEAR 1984	YEAR 1985	JUNE 1986	JULY 1986	AUGUST 1986	SEPTEMBER 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Total U.S.	- Total Receipts	88876	85499	7372	7770	7465	7493	90444	6.2
	- Total Consumpt	87646	85744	7563	7812	7582	7302	[illegible]	6.4
	- Residues *	32072	30464	2748	2576	2710	2642	32863	8.4
	- Inventories	5574	5046	4851	4836	4835	4970	4970	0.2
So. Atlantic	- Total Receipts	27654	27589	2427	2480	2289	2436	29405	6.5
	- Total Consumpt	27344	27815	2480	2531	2345	2372	29339	7.1
	- Residues *	8198	7970	779	682	788	755	9241	20.5
	- Inventories	1444	1117	1096	1062	1016	1037	1037	-0.7
Northeast	- Total Receipts	7665	7430	596	598	586	599	7148	-3.0
	- Total Consumpt	7474	7394	615	582	561	533	7207	-3.4
	- Residues *	1501	1539	123	98	124	119	1420	-4.1
	- Inventories	590	544	345	351	308	411	411	-7.6
South Central	- Total Receipts	30693	29786	2496	2745	2729	2694	31664	6.3
	- Total Consumpt	30502	29914	2578	2746	2737	2612	31841	5.2
	- Residues *	9059	9207	778	809	828	834	[illegible]	5.6
	- Inventories	1304	1198	992	992	1010	1137	[illegible]	-3.7
North Central	- Total Receipts	6872	6430	522	578	501	522	6440	[illegible]
	- Total Consumpt	6563	6296	580	561	578	557	6723	[illegible]
	- Residues *	1472	1290	78	76	85	93	1044	[illegible]
	- Inventories	906	884	762	789	808	814	[illegible]	[illegible]
West	- Total Receipts	15992	14264	1331	1369	1300	1252	[illegible]	[illegible]
	- Total Consumpt	15763	14325	1310	1392	1361	1288	[illegible]	[illegible]
	- Residues *	11842	10458	990	911	885	847	[illegible]	9.4
	- Inventories	1330	1303	1656	1642	1605	1597	[illegible]	[illegible]

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 20-Nov-86

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	AUG. 1986 Tons	AUG. 1986 $000's	SEPT. 1986 Tons	SEPT. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	292	95	27175	1748	67555	145.8
Pulpwood chips	788486	21955	52139	1537	9751	237	720028	[illegible]
Wood Pulp, Total	4020736	1385871	361716	131816	317232	116439	3944476	-2.3
Waste Fibrous Materials, Total	144564	26371	13813	2352	11093	1703	163253	4.9
Paper, Board & Products, Total	9734523	4306694	868581	389883	800133	356190	9955417	2.4
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	857551	371136	789345	338058	9845418	2.1
Paper, Paperboard & Products	9380235	4215314	846400	383051	778499	349801	[illegible]	3.9
Paper & Paperboard, Only	9286488	4073606	835370	364274	767751	331730	9502557	3.6
Paper, Total	9132123	4030872	814286	358024	747781	325343	9330397	2.8
Newsprint	8117986	3496944	714254	305451	655497	277248	8311757	2.3
Printing, Writing & Rel. Pap.	841500	435561	77451	40364	70122	37861	819976	1.6
Pack. & Ind. Conv. Paper	124100	64640	16265	7395	17561	7511	179181	51.8
Special Industrial Paper	3463	5393	350	524	445	758	4534	44.5
Tissue Paper	45081	28334	5966	3690	4155	2505	41309	-12.3
Paperboard, Total	154360	42734	21084	6250	19971	5787	224160	40.4
Convtd Paper&Paperbd Products	93747	141708	11030	18778	10748	18131	119994	42.1
Wet Machine Board	2184	1481	204	156	159	101	2264	4.1
Construction Paper & Board	352104	89898	21978	6675	21475	6228	252596	-34.2

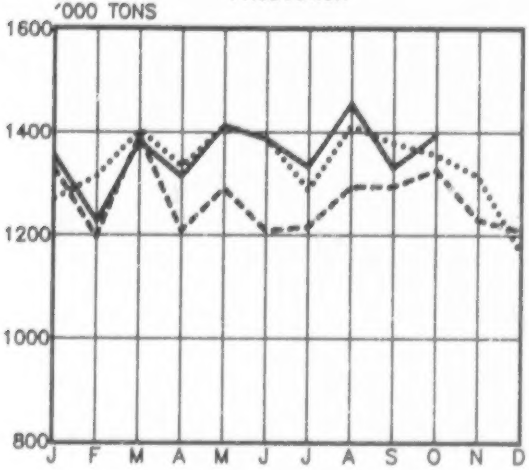
EXPORTS TO CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	AUG. 1986 Tons	AUG. 1986 $000's	SEPT. 1986 Tons	SEPT. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	1097	65	1294	60	35904	-19.0
Pulpwood chips	82626	4780	11880	610	44028	1991	132371	52.4
Wood Pulp, Total	203934	79541	18136	5559	23122	6423	263179	27.5
Cotton Pulp & Other Pulp	15083	6252	3917	1177	3440	1170	30253	100.6
Waste Paper	209087	23249	21659	2323	25375	2500	214451	-3.5
Paper, Board & Products, Total	736140	485290	55848	35610	61739	40052	872561	19.9
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	42126	23145	47470	26478	720270	28.1
Paper, Paperboard & Products	710785	473839	52711	34825	57529	38952	844819	20.1
Paper & Paperboard, Only	554413	322162	38989	22359	45261	25377	692528	28.7
Paper, Total	271754	223971	18454	15636	18105	15796	279690	-0.3
Newsprint	3757	3276	369	366	461	439	4146	17.0
Printing, Writing & Rel. Pap.	133800	118625	9896	7962	7842	6865	119569	-13.8
Pack. & Ind. Conv. Paper	41327	23536	2356	1635	1650	1173	25644	-41.8
Special Industrial Paper	90071	74893	5502	5233	7904	6965	127274	37.5
Tissue Paper	2799	3041	331	441	247	354	3057	-5.2
Paperboard, Total	282658	98191	20535	6723	27156	9581	412838	61.4
Convtd Paper&Paperbd Products	156372	151676	13122	12466	14268	13574	152291	-8.1
Wet Machine Board	5786	4243	1608	224	391	322	10395	89.8
Construction Paper & Board	19570	7209	1529	561	1819	779	17347	-8.0

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 20-Nov-86

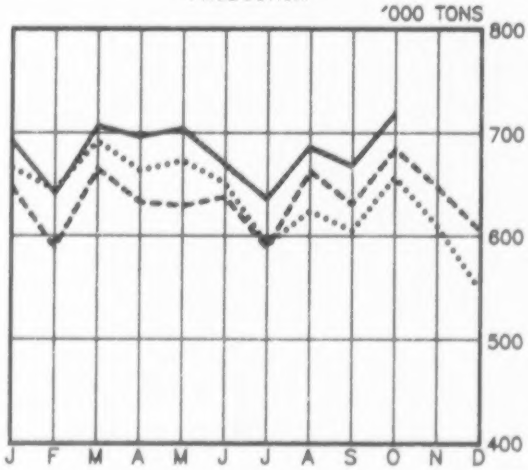
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



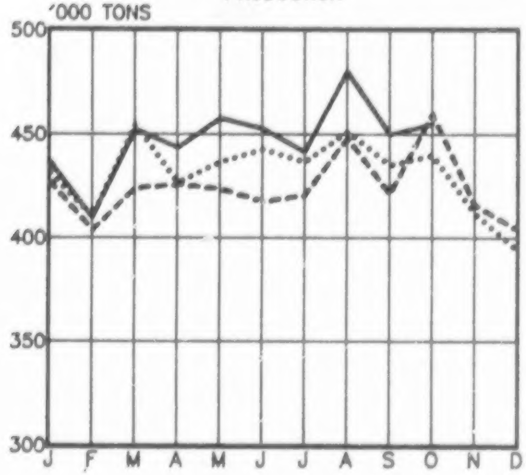
RECYCLED PAPERBOARD

PRODUCTION



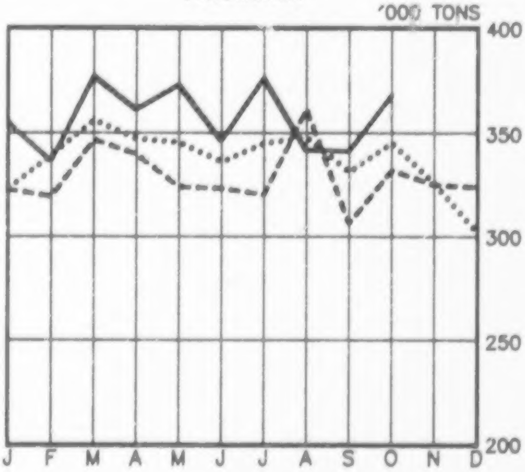
SEMICHEMICAL PAPERBOARD

PRODUCTION



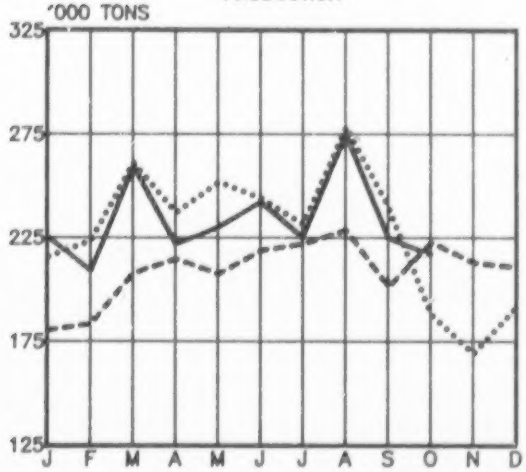
SOLID BLEACHED PAPERBOARD

PRODUCTION



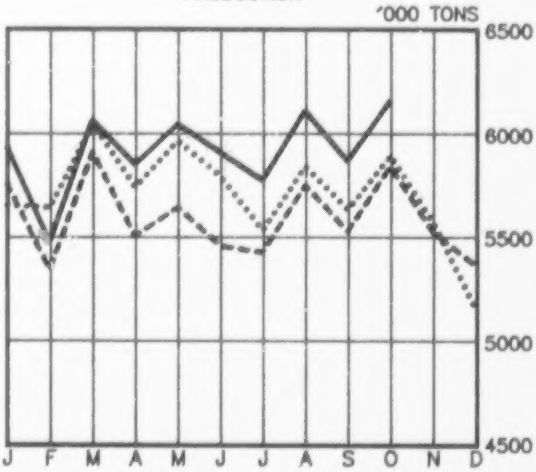
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - 1986 ———

PULP PAPER AND PAPERBOARD IMPORTS AND EXPORTS DATA

IMPORTS

	YEAR 1985 Tons	1985 $000	1986 AUG. Tons	AUG. $000	1986 SEPT Tons	SEPT $000	(1) Annual Rate YTD Tons 1986	% Change from Same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	292	95	27175	1748	69021	68.3
Pulpwood Chips	789382	22006	52144	1545	9803	252	730473	-11.4
Total All Imports	16156209	7255817	1468774	668183	1352860	617122	16367879	2.8
Wood Pulp Total	4465746	1520907	421710	152985	378681	138681	4597024	2.3
Waste Paper	87413	10160	7280	841	8181	1344	96505	12.1
Other Fibrous Materials	81430	26949	7741	2138	4616	1518	119879	26.5
Paper Board & Products Total	11521619	5697802	1032043	512219	961382	475870	11854470	2.8
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	1001805	445731	914231	410881	11468961	1.8
Paper Ppod & Prds ex Cnst&WMB	11105154	5586077	1001250	502603	921301	466067	11509929	3.8
Paper & Paperboard Only	10821629	4962757	971012	436115	884150	401069	11124420	2.8
Paper Total	10637428	4906882	947995	428916	858787	393519	10858631	2.1
Newsprint	8496568	3638716	759518	319239	668448	282877	8636129	1.8
Printing & Writing	1912867	1116225	159494	91907	162179	94032	1920515	-0.5
Uncoated Groundwood	1027211	530619	82522	41548	81772	41530	957154	-6.9
Coated Print.& Impreg. Pap.	496072	363855	37571	26603	42846	30191	481869	-7.2
Uncoated Free Sheet	364848	198432	34036	20193	34245	19773	435828	21.9
Uncoated Book	200927	106586	15170	9134	17328	9835	219299	12.0
Writing and Similar Paper	163921	91846	18867	11060	16918	9938	216529	33.9
Thin (except Cigarette)	23712	22276	5283	3501	3210	2488	44992	89.4
Bristols	1024	1043	82	61	55	49	672	-37.7
Total Pkg & Other Paper	172003	116390	20514	12585	22098	12535	236726	42.4
Unbleached Kraft Paper	63604	23976	10517	3833	12194	4591	111096	90.8
Other Pkg. & Indust. Paper	108398	92414	9998	8752	9904	7944	125630	16.3
Tissue	55991	35551	8469	5184	6112	4075	65260	21.8
Paperboard, Total	184201	55875	23016	7200	25363	7551	265789	47.8
Test or Containerboard	50975	16848	8115	2690	6864	2219	75913	50.1
Semi-Chemical Corrugating	65203	13706	8154	1785	8305	1840	96801	47.8
Other Paperboard	68023	25321	6748	2725	10194	3492	93076	46.0
Convtd Paper&Paperbd Products	283525	623320	30238	66488	47151	64997	385509	43.9
Paper Products, Total	258934	572316	28024	61723	44781	60087	356978	46.4
Paperboard Products, Total	24592	51004	2214	4764	2370	4910	28531	18.9
Wet machine Board	3270	2585	252	209	224	171	3293	-0.2
Construction Paper & Board	413196	109140	30542	9407	29858	9641	341249	-23.5
Notes								
Other: No Weight Avail. ($000)		228219		17630		19231	208917	-3.9
Total Imports Incl. Other($000)		7484036		685813		636353	7736337	3.2

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	1097	65	1294	60	39903	-13.6
Pulpwood Chips	2116137	168814	202125	14603	210608	12831	2214729	6.2
Total All Exports	11261281	4042068	1164780	425531	1171937	432466	13209622	16.9
Wood Pulp,Total	3791102	1352708	417775	161878	457020	176181	4523355	18.4
Cotton Pulp and Other Pulp	107224	71802	11701	6158	10695	5014	160669	50.9
Waste and Old Paper	3285926	349258	333091	39262	306871	35752	3727301	13.7
Paper, Board & Products,Total	4077029	2268300	402213	222333	397351	215519	4798297	17.3
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	358002	163939	350796	158656	4286279	19.4
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	393852	218069	390383	211464	4705696	16.9
Paper & Paperboard, Only	3517311	1548451	349641	159675	343828	154601	4193678	19.0
Paper, Total	779000	594338	82639	59639	60086	49962	862216	9.5
Newsprint	314385	131779	43128	21361	26376	14972	363310	15.7
Printing & Writing	202826	201845	15824	16305	13094	13513	190662	-5.1
Uncoated Groundwood	36779	31727	2877	2316	2019	1380	42101	12.8
Clay Coated Paper	82461	65710	6081	4595	5300	4176	78136	2.9
Uncoated Free Sheet	64573	77929	4325	6766	3737	5455	49516	-26.2
Other Printing & Writing	19013	26479	2541	2628	2039	2502	20909	1.5
Total Pkg. & Other Paper	243671	242909	22217	19655	19238	19542	292229	15.6
Unbleached Kraft	67695	29931	9523	3874	5988	2440	80981	11.2
Other Pkg. & Indust. Paper	175976	212978	12694	15780	13250	17102	211248	17.4
Tissue	18118	18205	1471	2318	1378	1935	16015	-18.2
Paperboard, Total	2738310	954113	267002	100036	283742	104639	3331463	21.8
Solid Wood Pulp	2492746	872281	250143	93825	264048	97314	2992430	18.9
Total Linerboard	1807151	480909	181873	56812	195623	61071	2190739	20.8
Bleached Kraft Linerboard	130359	45687	12128	4548	5687	3208	144163	11.4
Unbleached Kraft Linerbd	1676791	435222	169744	52264	189936	57863	2046577	21.5
Other Unbleached Kraft	100651	41053	13179	5019	10778	4323	155275	38.6
Other Bleached Kraft	523091	335026	48435	29989	47507	28538	570067	6.4
Semi-Chemical Corrugating	61853	15293	6657	2005	10141	3383	76349	36.7
Recycled Paperboard	245564	81833	16859	6211	19693	7325	339032	55.2
Convtd Paper&Paperbd Products	490910	680143	44211	58394	46555	56863	512018	1.8
Paper Products, Total	237191	464174	19849	38822	21912	38767	230464	-7.2
Paperboard Products, Total	253719	215970	24362	19512	24643	18096	281554	10.5
Wet Machine Board	13380	6930	2042	423	658	429	18601	44.5
Construction Paper & Board E	55429	32776	6319	3841	6310	3627	74000	42.1
Notes								
Other: No Weight Avail. ($000)		6618		367		528	7499	14.2
Total Exports Incl. Other($000)		4048687		429998		432994	4622030	12.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.

(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	JULY 1986	AUGUST 1986	SEPTEMBER 1986	OCTOBER 1986	Annual Rate Y-T D 1986	% Change from Same Period Last Year
Pulp, Paper and Products except Building Grades	293.3	292.0	293.7	295.8	297.7	299.3	292.7	-0.1
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.2	294.5	295.4	297.4	299.3	300.9	294.8	-0.1
Total Wood Pulp	397.2	346.6	367.7	365.9	371.5	374.7	353.3	1.1
Total Paper	302.9	303.4	305.6	307.5	308.9	310.5	305.0	0.4
Total Paper, exc. Newsprint	301.2	298.0	299.2	302.5	303.8	304.3	299.2	-0.1
Newsprint	324.1	332.9	323.6	322.2	322.3	333.6	324.6	-2.0
Total Paperboard	281.5	274.6	270.5	274.1	276.8	280.9	270.5	-2.1
Total Paper and Paperboard *	296.2	294.4	294.6	297.0	298.8	301.2	294.0	-0.4
Converted Products	280.7	288.1	288.2	290.3	291.8	292.8	280.5	[illegible]
Waste Paper	240.1	148.8	195.0	200.3	204.4	207.0	167.6	9.4
All Commodities	310.4	308.9	297.7	297.2	297.7	298.3	300.1	-2.9
Industrial Commodities	322.6	324.0	308.5	307.7	308.8	309.3	312.7	-3.4

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Continued from page 2

Production of solid bleached paperboard was also strengthened by increases in exports: the January-September 1986 rate of 511,000 tons per year was 11.1% ahead of its comparable year-ago level -- the highest since 1983.

Production of boxboard, which is generally less affected by exports or inventory changes than the containerboard grades, showed more modest gains over the 1985 levels but comparable increases over their 1984 totals (see table on page 3). This year's production of boxboard for domestic use also appears to be making a new high, moving from the first time to the 6 million tons level.

The turnaround in folding boxboard demand evident since the early 1980's has continued into 1986. Production of solid bleached and recycled folding boxboard for domestic use in the January-October 1986 period was 5.9% above its year-ago level, with the gain centered on a 12.3% gain in the solid bleached grades. Strong gains were also evident in some of the food

Continued on page 11

Continued from page 10

service grades of solid bleached paperboard, with cup stock up 8.3% and plate, dish and tray stock showing an 8.7% gain. Among the non-packaging grades, production of gypsum wall board facing rose by 11.6% in this period, reflecting the still-strong demand for housing

TOTAL DEMAND

The increase in total demand for paper and paperboard in 1986 was somewhat greater than the production gain. Production, as noted above, was strengthened by significant gains in exports, reflecting the lower value of the U.S. dollar in export markets. The impact of the changing status of the dollar on imports was more muted. For one thing, our major imports come from Canada and the Canadian dollar has, if anything, depreciated in terms of the U.S. dollar. Overseas exporters to the United States have tried to hold on to their U.S. markets, but as the figures show, this has been rather difficult. On balance, where total exports of paper, paperboard and products in the first nine months of 1986 showed a 17% increase over their year-ago level, imports flattened to a 2.8% gain (see table on page 9).

Total demand for paper and paperboard, as measured by new supply (production plus imports less exports) rose by 4.3% in the first ten months of 1986 over its comparable year-ago level, while production increased by 5.4%. In 1985, by way of contrast, domestic production of paper and paperboard fell by 2.1% from its 1984 level, while new supply, supported by rising imports, showed only a 0.8% decline.

Over the long run, new supply tends to move in line with total economic activity as measured by the real gross national product (Real GNP). On a year-by-year basis, however, new supply tends to lag real GNP on the downswing -- or even slowdown -- of the business cycle, and rise faster on the upswing. In 1985, real GNP rose 2.7%, compared to the flat trend in new supply of paper and paperboard. So far this year real GNP has increased by 2.6% over its comparable year-ago level (see last line of data on the Industry Data sheet), compared to the 4.4% increase in new supply. Comparison with 1984 rates puts the trends into better perspective: the gain in real GNP from 1984 to the first three quarters of 1986 was 5.1% compared to a 3.4% in paper and paperboard new supply. Another way of looking at this pattern: the ratio of new supply to real GNP went from 21,420 tons per billion dollars of real GNP in 1984 to 20,689 tons in 1985 and 21,064 thousand tons so far in 1986.

Continued on page 12

Continued from page 11

FIBROUS RAW MATERIALS

Production of paper grade wood pulp showed a 5.6% gain in the first ten months of 1986 over its year-ago total. However, wood pulp production was supported by a 20% gain in export shipments, as reported by API'S Pulp Division, so that production for domestic use rose by only 4.4%. Imports of paper grade wood pulp were in a flat trend in 1984 and 1985; the 1986 data show a modest 2.8% increase in the first nine months of the year.

Production of paper grade chemical market pulp, bolstered by surging exports, rose 11.7% in the first ten months of 1986. shipments showed an even greater gain -- 13.9% -- reflecting a 40% decline in producers' market pulp inventories since the beginning of this year. Shipments of U.S. market pulp to the domestic market gained 5.3%.

PAPER INDUSTRY CAPACITY PLANS

U.S. capacity to produce paper and paperboard will increase 4.2 million tons between 1986 and 1989, for an average annual rate of 1.8%, according to the American Paper Institute's 29th annual Capacity Survey. During the preceding ten year period, 1977-1986, paper and paperboard capacity grew at the slightly faster average annual pace of 2.1%. However, this year's Survey was conducted in mid-1986, a time when both the sales and profit outlook were uncertain and some executives were concerned about the effects of tax reform on their company's cash flow.

Approximately 42% of the new capacity will be added in 1987, with smaller additions contemplated for 1988 and 1989. If implementation proceeds according to plans, capacity to produce paper and paperboard will reach 79.8 million tons in 1989, up from an estimated 75.6 million tons in 1986. The South will continue to lead other regions, accounting for 68% of all new paper and paperboard capacity that will be put in place between 1986 and 1989. This section of the country had one-half of all paper and paperboard capacity and more than 70% of all wood pulp capacity in place during 1985.

The following table highlights aggregate capacity trends for paper and paperboard. Data regarding individual grades can be found in the Capacity Survey, which is available for $275 each, domestically, and $300, overseas, from the Capacity Department, Box SB, American Paper Institute, 260 Madison Avenue, New York, NY 10016.

ANNUAL PAPER AND PAPERBOARD CAPACITY

(000 short tons)

	PAPER	PAPERBOARD	TOTAL
1985	37,581	36,720	74,301
1986	38,102	37,516	75,618
1987	39,248	38,135	77,383
1988	40,140	38,637	78,777
1989	40,585	37,978	79,836

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

November 30, 1986

	PRODUCTION (000 TONS)					
	Oct. 86	Sept. 86	Oct. 85	Jan. - 86 -	Oct. 85	% Change 86/85
PAPER GRADES						
Newsprint	469	462	449	4686	4552	3.0
Printing & Writing	1759	1671	1617	16399	15440	6.2
Uncoated Groundwood (s)	137	132	148	1266	1265	0.1
Coated Paper (s)	569	555	482	5185	4957	4.6
Uncoated Free Sheet Paper (s)	934	872	871	8781	8115	8.2
Thin Paper (s)	19	21	24	206	218	-5.7
Cotton Fiber Paper (s)	14	13	13	127	120	5.9
Bleached Bristols (s)	86	80	80	835	765	9.1
Tissue Paper	446	412	432	4236	4120	2.8
Total Pkg & Other Paper	435	425	453	4295	4379	-1.9
Unbleached Kraft Packaging & Indl. Converting (s)	272	274	291	2802	2867	-2.3
Other Paper *	163	151	162	1493	1513	-1.3
TOTAL PAPER	3109	2971	2950	29616	28492	3.9
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1511	1438	1416	14706	13748	7.0
Unbleached Kraft Linerboard	1394	1329	1326	13575	12749	6.5
Other Unbl. Kraft Paperboard	117	109	90	1131	999	13.2
Semichemical Paperboard	455	450	460	4477	4269	4.9
Bleached Paperboard	368	341	333	3579	3299	8.5
Recycled Paperboard	719	669	685	6828	6376	7.1
TOTAL PAPERBOARD	3053	2898	2894	29589	27691	6.9
TOTAL PAPER AND PAPERBOARD	6162	5869	5844	59205	56183	5.4

WOOD PULP (ALL GRADES)	Sep. 86	Aug. 86	Sep. 85	Jan. - 86 -	Sep. 85	% Change 85/84
Dissolving & Special Alpha	104	113	79	943	879	7.3
Bleached Sulfite	119	131	114	1060	1024	3.5
Unbleached Sulfite	13	13	14	124	149	-16.5
Bleached & Semi-Bl. Sulfate	1958	2054	1804	17967	16872	6.5
Unbleached Sulfate	1682	1764	1664	15501	14646	5.8
Semichemical	338	359	324	3101	3013	2.9
Groundwood & Thermomechanical	457	469	423	4136	3968	4.2
TOTAL PULP DIVISION DATA	4671	4903	4423	42831	40551	5.6

(s) - Shipments　　R - Revised
P - Preliminary

November 30, 1986	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	August	September	October	1986	
Total Production (API).......: excluding :...	68487	67076	6112	5869	6162	71047	5.4
Total Seasonally Adjusted....:construction:...			5985	5884	5933	70492	5.4
Imports (including Products).: and wet :..E	10576	11106	1002	914	930	11455	2.6
Exports (including Products).: machine :..E	4309	4009	394	390	395	4709	17.0
Apparent Consumption.........: grades :...	74754 a	74173 b	6593	6408	6468	77238 c	4.3
Paper Production % Tonnage Capacity...........	92.8 g	90.6 g	91.2	92.1	93.2	92.4 gh	-
Paperboard Production % Tonnage Capacity......	94.6 g	89.9 g	95.1	91.9	93.5	93.6 g	-
			July	August	September		
IMPORTS.....:Including Construction and :...	11075	11521	1139	1032	961	11854	2.8
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	433	402	397	4798	17.3
			July	August	September		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6897	6800	638	676	624	7515	10.7
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54029	4742	4903	4671	57108	5.6
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	401	422	379	4597	2.3
WOOD PULP EXPORTS - TONS (000)..................	3594	3791	300	418	457	4523	18.4
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			July	August	September		
Wood Pulp.............consumption for:.....	54562	53297	4617	4729	4558	55541	4.2
Waste Paper...........:construction & :.....	15926	15290	1320	1390	1380	16563	8.6
TOTAL..........: WMB grades :.....	70488	68584	5937	6119	5938	72104	5.2
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7812	7582	7362	90905	6.4
EMPLOYMENT (000)			August	September	October		
Paper and Allied Products..........Total......	682.3	683.2	690.0	692.4	693.5	688.6	0.9
Pulp, Paper and Board Mills........Total.....E	257.2	253.5	249.8	251.6	252.0	252.0	-0.7
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.44	10.82	11.17	11.19	11.27	11.13	3.2
Pulp, Paper Mills...........................E	12.45	13.11	13.70	13.72	13.80	13.55	3.9
Paperboard Mills............................E	12.99	13.60	14.04	14.16	14.20	14.00	3.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q4	1986 Q1	1986 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.59	9.56	8.67	9.02	8.87y	3.3
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			August	September	October		
:IN PULP, PAPER :...Production Workers..........	125.5	125.2	139.5	133.7	134.0	133.2	6.5
:AND BOARD MILLS:...All Employees...............	123.9	125.7	138.2	132.9	133.4	132.9	6.0
PAPER AND ALLIED PRODUCTS (Million $)				August	September		
Industry Shipments (Dept. of Commerce)*........	95990	97664	9317	9299	9529	107768	10.7
Pulp, Paper and Paperboard*.................	41539	41830	4025	3929	4065	45571	9.3
Inventories (End of Period) - Total Industry*..	9701	9728	10029	10114	10059	10059	4.1
Pulp, Paper and Paperboard*.................	3662	3800	3931	3885	3918	3918	4.5
			1985 Q4	1986 Q1	1986 Q2		
Sales (Corporations Only).....................	71891	71465	17694	17575	18470	72090	0.4
Earnings (Corporations Only)..................	3015	2880	695	589	922	3022	-4.8
Depreciation (Corporations Only)..............	2798	3099	775	820	844	3328	9.3
Net Worth (Corporations Only).................	28160	29694	29780	30033	30646	30646	3.1
PRICE INDEXES (Bureau of Labor Stats)1967=100			August	September	October		
Pulp, Paper & Products, ex. Building Grades....	293.3	292.0	295.8	297.7	299.3	292.7	-0.1
Wood Pulp.....................................	397.2	346.6	365.9	371.5	374.7	353.3	1.1
Waste Paper...................................	240.1	148.8	200.3	204.4	207.0	167.6	9.4
Paper...	302.9	303.4	307.5	308.9	310.5	305.0	0.4
Paperboard....................................	281.5	274.6	274.1	276.8	280.9	270.5	-2.1
PAPER DEMAND (INDEXED: 1977=100)			August	September	October		
Total Paper Production *......................	124.1	123.0	129.9	129.1	129.1	127.7	4.0
Paper New Supply *............................	127.7	128.8	136.2	133.7	133.5	133.1	3.4
Demand Indicators - (Weighted Average) *.....	136.7	141.6	150.2	149.5	149.9	148.1	4.9
Production of Nondurable Goods *...(21.2%).	122.5	125.3	132.4	132.2	132.4	130.5	4.5
Disposable Income ....*.(23.9%)	124.0	126.8	132.0	131.5	132.0	131.5	3.8
Total Printing and Publishing *...(54.9%).	147.8	154.3	165.0	164.0	164.5	162.2	5.5
Trend Factor				Not Available			
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *................	117.3	114.3	123.8	120.4	122.4	121.3	6.9
Production for Domestic Use	115.2	112.8	120.0	118.5	121.1	119.2	6.5
Demand Indicators - (Weighted Average) *.....	118.3	120.1	122.3	122.4	122.1	121.9	1.8
Production of Consumer Goods *...(62.06%)	118.2	120.5	125.1	125.1	124.6	124.2	3.5
Production of Equipment *...(5.75%)	140.5	146.4	142.4	143.1	143.5	142.9	-2.4
Production of Materials *...(32.19%)	114.6	114.5	113.2	113.5	113.5	113.7	-0.6
Trend Factor				Not Available			
NEWSPRINT MARKETS			July	August	September		
Consumption by Publishers - Tons (000).........	12602	12773	1026	1099	1101	12876	3.3
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	461.6	460.6	461.7	460.4	2.0
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)..........	157798	154769	8835	9688	14635	144765	-2.0
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3181	3313	3237	38021	11.3
Inventories (End of Period).	2724	3155	3160	3193	3194	3194	7.7
FIBRE BOX DATA (Fibre Box Association)			August	September	October		
Fibre Box Shipments (Million square feet).......	267549	267451	23742	24379	27132	287797	5.9
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2344	2269	2155	2155	-13.5
RETAIL TRADE (Million $)			July	August	September		
Total Retail Sales *..........................	1291835	1375027	119804	121523	128003	1434551	4.7
Nondurable Goods Stores Sales *...............	841417	866541	73492	73611	73487	879645	2.1
GENERAL ECONOMIC DATA			August	September	October		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.2	125.1	125.2	125.2	124.9	0.7
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	310.3	308.7	297.2	297.7	298.3	300.1	-2.7
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	328.6	330.2	330.5	327.9	2.1
			July	August	September		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	572.9	579.6	585.0	579.6	14.0
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q1	1986 Q2	1986 Q3		
G.N.P. or Expenditure - Current $..............	3765.0	3998.1	4149.2	4175.6	4234.3	4186.4	5.5
G.N.P. or Expenditure - 1982 $.................	3489.9	3585.2	3655.9	3661.4	3683.3	3666.9	2.6

	lb/capita						
	Pap&Papbd		Othr		Totl	Popul(mil)
.a -	631	+	19	=	650	237.0
.b -	620	+	18	=	638	239.3
.c -	640	+	17	=	657	241.5

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

1/13/87 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 12 DECEMBER 1986

PAPER AND PAPERBOARD PRODUCTION IN 1986: BREAKING ALL RECORDS

Production of paper and paperboard continued along the record-high trend it has followed throughout 1986. Preliminary data show the November trend level (the average of the October and November seasonally adjusted values) at 71,700,000 tons per year, pointing to a 1986 total of 70,600,000 tons! This new high is 5.3% ahead of the 1985 total and 3.1% above the previous high established in 1984.

The current trend reflects strength in both paper and paperboard production. The 1986 paper total is moving to 35,400,000 tons, 4.0% ahead of its 1985 total and 3.1% above its 1984 high. Paperboard production is estimated at 35,100,000 tons, 6.3% ahead of 1985 and 3.1% over its 1984 high.

Production of the various grades of paper and paperboard continued the trends established earlier this year. The eleven-month 1986 totals show shipments of uncoated free sheet papers 8.4% over their year-earlier level and shipments of bleached bristols up 8.6%. The strength in uncoated free sheet paper shipments stems from continued growth in use of these papers for office copy papers and commercial printing, together with a particularly large increase in shipments to book publishers. The increase in bleached bristols reflects gains in all types, with file folder stock and coated bristols showing the largest gains.

Newsprint and tissue papers gained about 3% over year-earlier production totals, but the packaging and industrial converting grades continued to fall below their 1985 levels, in line with the persistent pressures from alternate packaging materials.

Continued on Page 2

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The paperboard grades also moved along their established trends, with the total showing a 7% gain over year-ago levels in the eleven-month 1986 period. Unbleached kraft linerboard gained 7%, sparked by a 13% increase in production for export and a 6.9% increase in production of total containerboard for domestic use. Solid bleached paperboard production increased 8.4% as production for export rose 10.3% -- to 512,000 tons per year -- while cup stock showed a 9.1% gain and plate, dish and tray stock rose 8.3%. The gains in production of the other paperboard grades held closer to that of total paperboard.

ECONOMIC TRENDS

These relatively large increases in paper and paperboard production also reflected the effects of other favorable factors. One of these is the changes in inventories at mills and converting plants. Starting in 1984, the strong demand trend led producers and consumers to increase their inventories to levels that became burdensome and had to be reduced in the sluggish demand climate of 1985. Inventories of containerboard at paperboard mills and boxplants rose by 445,000 tons during 1984, were reduced by 333,000 tons during 1985 and another 451,000 tons in the first eleven months of 1986, bringing the Dec. 1, 1986 inventory total down to about 5 weeks of supply. These inventory changes had a direct effect on the production totals, raising them in 1984 and reducing them in 1985 and 1986, distorting somewhat the use of production as a measure of demand. The relatively low level of current inventories is one indicator of strength in the future production of these grades.

Data on mill inventories of printing and writing papers showed a somewhat different pattern: inventories increased by roughly 180,000 tons in 1984, and rose another 114,000 tons in 1985 as shipments of printing and writing papers held steady. In the first ten months of 1986 these inventories declined by about 60,000 tons. The available data on inventories of paper at printers also indicate a strong increase in 1984, followed by a small decline in 1985 and a small increase during 1986. Here, too, the relatively low level of current inventories points to a strong production trend.

The growth in total economic activity during the past three years was accompanied by similar growth in paper and paperboard consumption. The real gross national product, for example, rose by 6.4% in 1984; 2.7% in 1985 and 2.7% in the first three quarters of 1986. Similar data on paper and paperboard new supply (production plus imports less exports) show a. 8.3% gain

Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

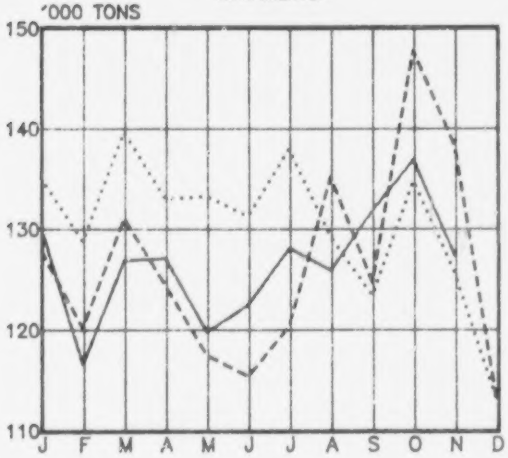
PRODUCTION, SHIPMENTS AND ORDERS
Thousands (Short Tons)

	YEAR 1984	YEAR 1985	AUG 1986	SEPT 1986	OCT 1986	NOV 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	486	462	469	473	5628	3.4
- Shipments	5584	5417	472	455	481	470	5561	2.3
Printing & Writing sum	18433	18471	1684	1671	1758	1688	19730	6.5
Groundwood Paper - Shipments	1565	1516	126	132	137	127	1520	-0.7
- New Orders	1575	1477	138	122	130	126	1549	3.4
-Unfilled Orders	140	106	149	141	132	129	129	16.7
Coated Papers - Shipments	6249	5875	556	555	569	548	6254	5.7
- New Orders	6281	5642	562	549	555	520	6297	10.4
- Unfilled Orders	575	393	467	478	458	434	434	[illegible]
Unctd Free Sheet - Shipments	9207	9750	884	872	934	902	10563	8.4
- New Orders	8939	9704	922	841	918	903	10617	8.8
- Unfilled Orders	430	509	611	574	557	580	580	10.8
Thin Papers - Shipments	303	262	19	21	19	16	242	-7.9
Cotton Fiber Paper - Shipments	147	144	12	12	13	13	151	4.0
Bleached Bristols - Production	961	924	87	80	86	83	1001	8.0
Tissue Paper - Production	4921	4941	430	415	454	420	5094	3.0
Total Packaging & Other Paper	5555	5202	429	425	435	417	5141	-1.8
Unbl. Kraft Paper - Shipments	3666	3403	277	274	272	263	3344	-2.4
Other Paper - Production	1889	1799	152	151	164	154	1797	-0.8
TOTAL PAPER-Production-Unadj.	34447	34042	3029	2973	3116	2998	35592	4.2
-Production-S.A.			3000	2983	2987	3050	35501	4.4
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2397	2229	2338	2260	27301	7.0
Total Unbl. Kraft Paperboard	17185	16368	1575	1438	1511	1457	17633	7.2
Unbl. Kraft Linerboard (1)	16037	15183	1455	1329	1394	1381	16317	7.0
Production for Export	2086	1830	206	161	153	180	2067	12.7
Other Unbl. Kraft Paperboard	1149	1184	120	109	117	76	1316	9.8
Semichemical Paperboard	5169	5088	481	450	458	454	5383	5.4
Production for Export	149	189	26	22	17	27	211	13.0
Solid Bleached Paperboard	4048	3948	342	341	368	348	4284	8.4
Production for Export	478	466	42	40	44	43	512	10.3
Recycled Paperboard	7637	7630	687	669	719	688	8200	7.0
Production for Export	17	26	1	2	3	2	25	-4.4
TOTAL PAPERBOARD-Prod.-Unadj.	34039	33034	3085	2898	3057	2948	35500	7.0
- Containerboard Prod.(Dom. Use)	20993	20042	1888	1765	1862	1813	21513	6.9
- Boxboard Prod.(Dom. Use) (2)	5783	5673	483	482	518	478	5953	4.5
- All Other P'bd Prod.(D.U.) (2)	4531	4808	439	426	461	405	5219	7.3
- Total Paperbd Prod. for Export	2731	2511	275	225	217	252	2815	12.2
TOTAL PAPERBOARD PROD.- S.A.			2987	2904	2957	2975	35173	7.0
TOTAL PAPER AND PAPERBOARD								
Production - actual	68487	67076	6114	5872	6173	5946	71092	5.6
Production - S.A.			5987	5887	5944	6025	70674	5.7

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

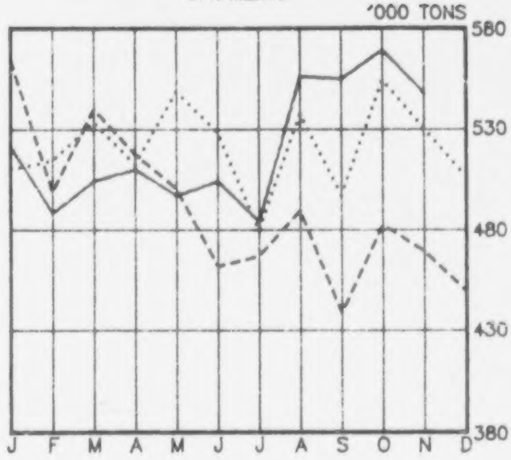
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



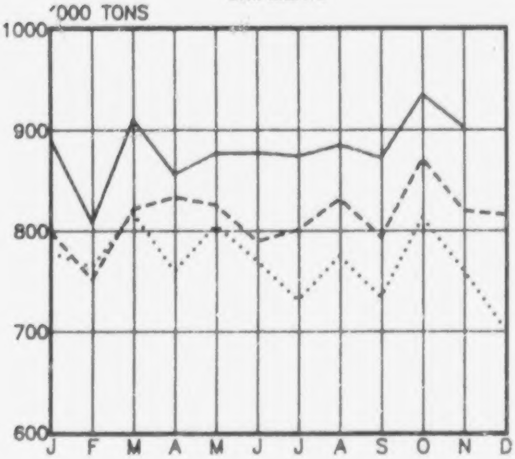
COATED PAPER

SHIPMENTS



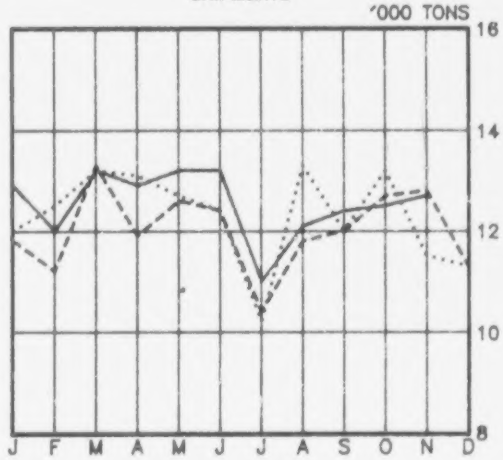
UNCOATED FREE SHEET PAPERS

SHIPMENTS



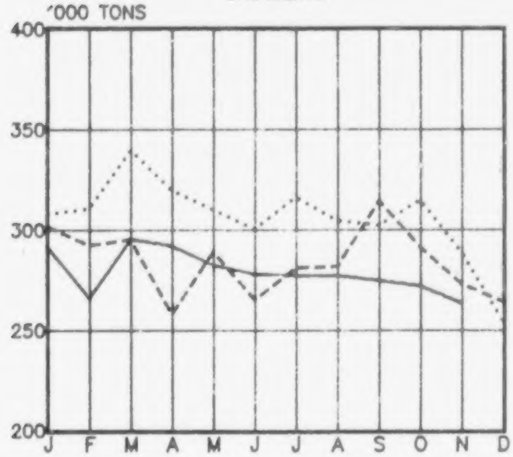
COTTON FIBER PAPER

SHIPMENTS



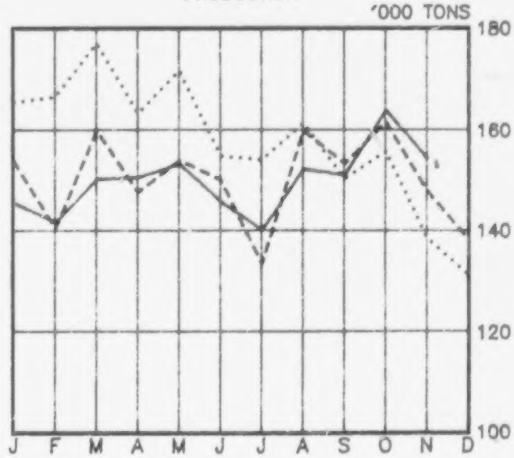
UNBLEACHED KRAFT PACKAGING
AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 .... 1985 - - - - - 1986 ———

WOOD PULP STATISTICS
(Thousands of Tons)

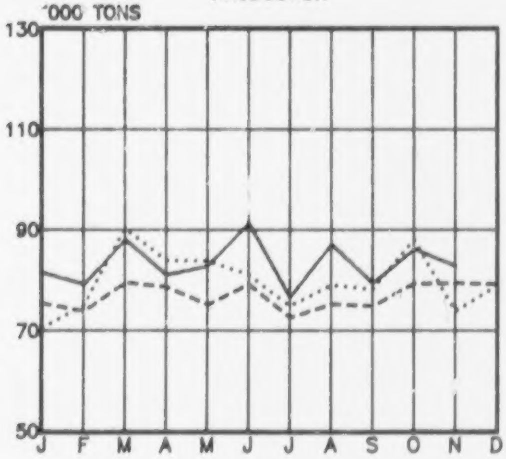
	YEAR 1984	YEAR 1985	JULY 1986	AUGUST 1986	SEPTEMBER 1986	OCTOBER 1986	Annual Rate Y-T-D 1986	% Change from Same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54029	4742	4903	4671	4881	57255	5.7
- Imports	4490	4466	401	422	379	372	4583	2.5
- Exports	3594	3791	299	418	457	344	4484	19.2
- New Supply	56367	54704	4843	4907	4592	4908	57353	4.8
Dissolving Pulp - Production	1206	1174	103	113	104	98	1249	5.8
- Imports	161	175	20	28	24	23	261	47.9
- Exports	595	631	46	63	83	61	710	10.9
- New Supply	772	718	77	78	45	60	801	11.6
Paper Grades Chemical Pulp - Production	44690	43577	3797	3961	3772	3951	46323	6.1
- Imports	4023	4104	369	378	343	342	4207	2.7
- Exports	2945	3131	251	353	370	279	3716	20.1
- New Supply	45767	44550	3914	3986	3745	[illegible]	41999	-5.9
Groundwood and Thermo-Mech. - Production	5506	5251	474	469	457	482	5542	4.4
- Imports	306	187	12	15	12	[illegible]	115	-41.8
- Exports	54	29	2	2	4	5	59	125.5
- New Supply	5758	5409	484	483	464	485	5598	2.2
Semi-Chemical - Production	4069	4027	368	359	338	350	4.40	2.5
- Imports								
- Exports								
- New Supply	4069	4027	368	359	338	350	4.40	2.5
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6898	6800	638	675	627	593	7478	10.1
- Imports	2968	2791	242	297	270	261	3108	10.3
- Exports	3511	3784	313	406	404	328	4435	18.3
- New Supply	6355	5807	567	566	492	526	6152	4.9
Dissolving Pulp - Production	1205	1171	102	113	104	98	1242	5.4
- Imports	204	174	12	25	21	16	217	21.4
- Exports	690	666	52	57	69	52	702	6.8
- New Supply	718	679	63	81	56	62	757	8.1
Paper Grades Chemical Pulp - Production	5680	5605	535	562	522	494	6225	11.3
- Imports	2664	2531	224	257	241	241	2799	9.4
- Exports	2821	3117	262	349	335	276	3733	20.8
- New Supply	5523	5019	497	470	428	459	5291	4.5
Groundwood Pulp and All Other - Production	14	24	0	0	0	0	10	-47.5
- Imports	100	86	6	16	7	4	92	12.6
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	7	16	9	5	103	2.6

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS
(Thousands of tons)

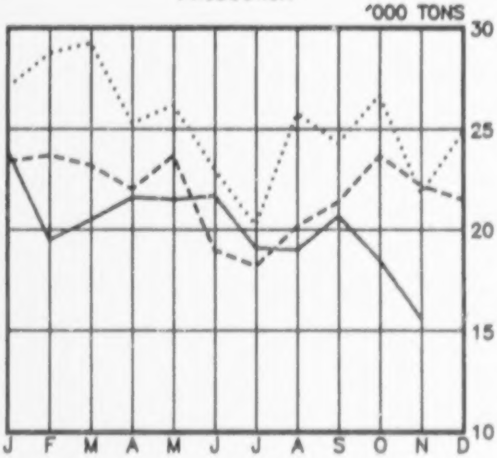
	YEAR 1984	YEAR 1985	JULY 1986	AUGUST 1986	SEPTEMBER 1986	OCTOBER 1986	Annual Rate Y-T-D 1986	% Change from Same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70488	68584	5937	6119	5941	6207	72377	5.2
Total Wood Pulp	54562	53297	4617	4729	4561	4788	55767	4.3
Waste Paper	15926	15290	1320	1390	1380	1419	16610	8.4
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	176	195	186	176	176	0.5
Producers' Market Inventories	585	486	353	352	303	292	292	-42.4
Consumers' Purchased Inventories	545	492	579	542	558	527	527	10.1
Waste Paper at Paper & Bd. Mills	1053	967	884	851	877	948	948	-4.9
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	20	21	17	16	16	-50.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons



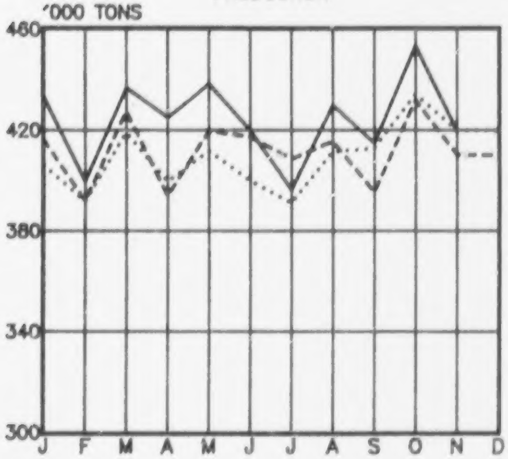
BLEACHED BRISTOLS

PRODUCTION



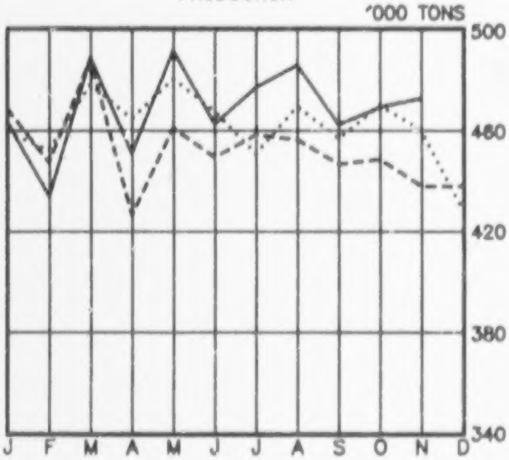
THIN PAPER

PRODUCTION



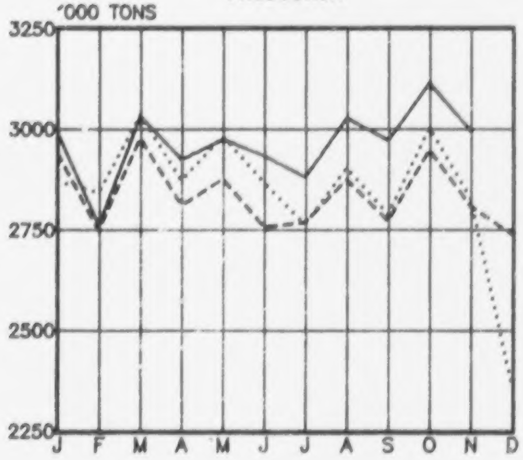
TISSUE PAPER

PRODUCTION



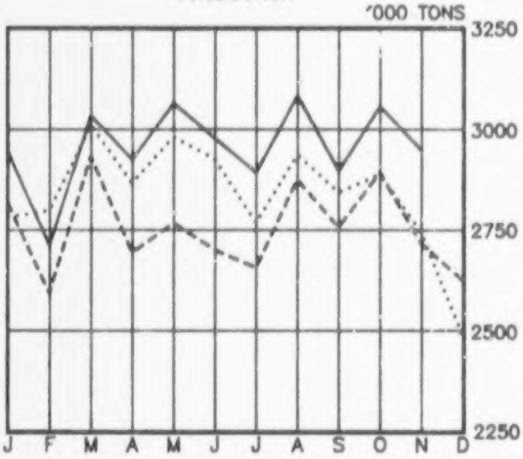
NEWSPRINT

PRODUCTION



TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION

1984 ········ 1985 - - - - -1986 ————

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

PULPWOOD		YEAR 1984	YEAR 1985	JULY 1986	AUGUST 1986	SEPTEMBER 1986	OCTOBER 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Total U.S.	- Total Receipts	88876	85499	7770	7465	7493	8247	91296	6.1
	- Total Consumpt	87646	85744	7812	7582	7362	7779	91150	5.9
	- Residues *	32072	30464	2576	2710	2642	3068	33258	8.3
	- Inventories	5574	5046	4836	4835	4970	5501	5501	3.6
So. Atlantic	- Total Receipts	27654	27589	2480	2289	2436	2594	29578	7.4
	- Total Consumpt	27344	27815	2531	2345	2372	2465	29363	5.9
	- Residues *	8198	7970	682	788	755	889	9384	19.0
	- Inventories	1444	1117	1062	1016	1037	1187	1187	3.0
Northeast	- Total Receipts	7665	7430	598	586	589	688	7259	-2.3
	- Total Consumpt	7474	7394	582	561	533	637	7250	-2.4
	- Residues *	1501	1539	98	124	118	136	1441	-6.7
	- Inventories	590	544	351	368	411	447	447	-13.5
South Central	- Total Receipts	30693	29786	2745	2729	2694	2785	31840	6.2
	- Total Consumpt	30502	29914	2746	2737	2612	2610	31826	5.5
	- Residues *	9059	9207	809	828	834	882	9804	5.3
	- Inventories	1304	1198	992	1038	1107	1288	1288	8.0
North Central	- Total Receipts	6872	6430	578	561	522	631	6553	0.1
	- Total Consumpt	6563	6296	561	578	557	549	6714	6.2
	- Residues *	1472	1290	76	85	88	97	1056	-21.4
	- Inventories	906	884	789	808	818	868	868	-11.3
West	- Total Receipts	15992	14264	1369	1300	1252	1549	16067	10.2
	- Total Consumpt	15763	14325	1392	1361	1288	1518	15996	10.8
	- Residues *	11642	10458	911	885	847	1064	11573	8.1
	- Inventories	1330	1303	1642	1605	1597	1711	1711	16.3

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Associatio 9 01-Jan-80

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	SEPTEMBER Tons	1986 $000's	OCTOBER Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	27175	1748	6630	363	68755	177.3
Pulpwood chips	788486	21955	9751	237	32498	797	694763	-14.7
Wood Pulp, Total	4020736	1385871	317232	116439	337116	130041	3954568	-1.8
Waste Fibrous Materials, Total	144564	26371	11093	1703	11435	1430	160650	6.0
Paper, Board & Products, Total	9734523	4306694	800133	356190	837301	383122	9964632	2.2
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	789385	338059	826723	365458	9843944	1.9
Paper, Paperboard & Products	9380235	4215314	778499	349861	815598	376777	9709214	3.6
Paper & Paperboard, Only	9286488	4073606	767751	331730	805020	359113	9588526	3.3
Paper, Total	9132128	4030872	747781	325943	785941	353312	9363886	2.5
Newsprint	8117986	3496944	655497	277248	685942	297715	8303676	2.0
Printing, Writing & Rel. Pap.	841500	435561	70122	37861	80184	45787	834199	1.6
Pack. & Ind. Conv. Paper	124100	64640	17561	7511	16292	7187	180822	48.4
Special Industrial Paper	3463	5393	445	758	384	629	4514	33.3
Tissue Paper	45081	28334	4155	2565	3139	1993	40675	-13.4
Paperboard, Total	154360	42734	19971	5787	19079	5802	224640	48.5
Convtd Paper&Paperbd Products	93747	141708	10748	18131	10578	17664	120689	34.7
Wet Machine Board	2184	1481	159	101	181	119	2255	0.5
Construction Paper & Board	352104	89898	21475	6228	21522	6225	253163	-32.9

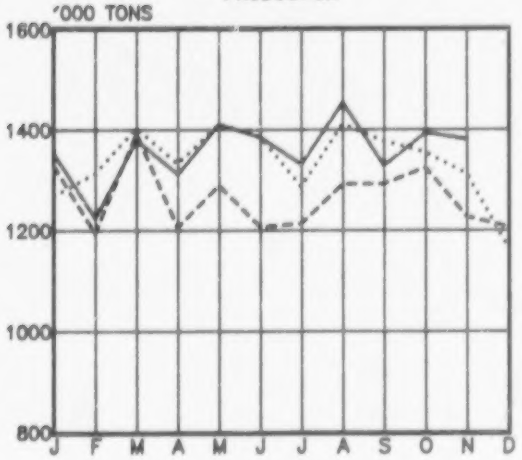
EXPORTS TO CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	SEPTEMBER Tons	1986 $000's	OCTOBER Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	1294	60	1387	79	33970	-30.9
Pulpwood chips	82626	4780	44028	1391	63422	1175	195241	115.7
Wood Pulp, Total	203934	79541	23122	6423	24037	6818	265705	31.2
Cotton Pulp & Other Pulp	15083	6252	3440	1170	4088	1024	32134	158.3
Waste Paper	209087	23249	25375	2500	20741	2300	217895	-1.0
Paper, Board & Products, Total	736140	485290	61739	40052	70113	44291	869440	17.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	47470	26478	55494	29709	714836	23.2
Paper, Paperboard & Products	710785	[illegible]	59529	38952	65939	42445	839464	16.9
Paper & Paperboard, Only	554413	322162	45261	25377	51320	27862	684860	23.3
Paper, Total	271754	223971	18105	15796	23179	17520	279536	-0.7
Newsprint	3757	3276	461	439	1409	444	5422	52.0
Printing, Writing & Rel. Pap.	133800	118625	7842	6865	10357	8446	120040	-13.0
Pack. & Ind. Conv. Paper	41327	23536	1650	1173	2537	1418	26124	-40.9
Special Industrial Paper	90071	74893	7904	6965	8423	6832	124654	34.7
Tissue Paper	2799	3641	247	354	454	380	3296	5.1
Paperboard, Total	282658	98191	27156	9581	28142	10342	405324	47.9
Convtd Paper&Paperbd Products	156372	151676	14268	13574	14619	14582	154604	-4.8
Wet Machine Board	5786	4243	391	322	1023	584	10583	88.8
Construction Paper & Board	19570	7209	1819	779	3151	1263	19393	2.2

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 01-Jan-80

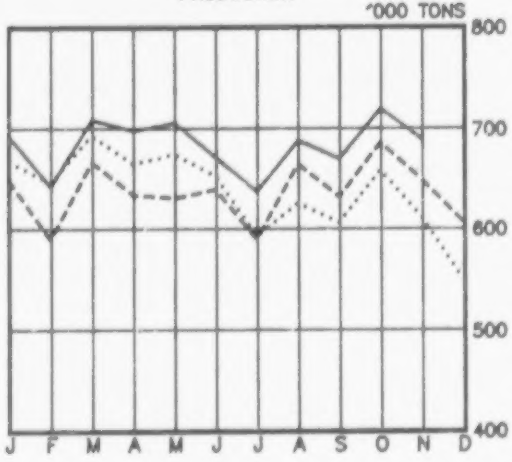
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



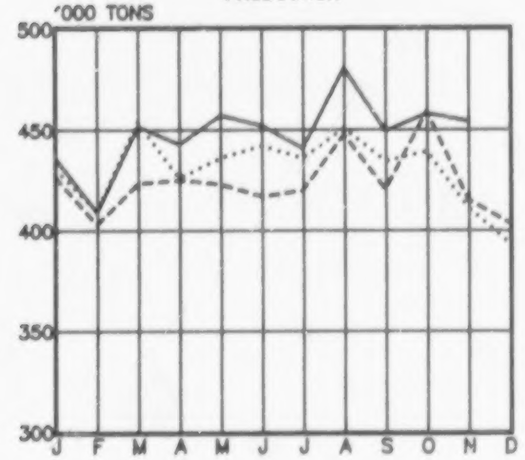
RECYCLED PAPERBOARD

PRODUCTION



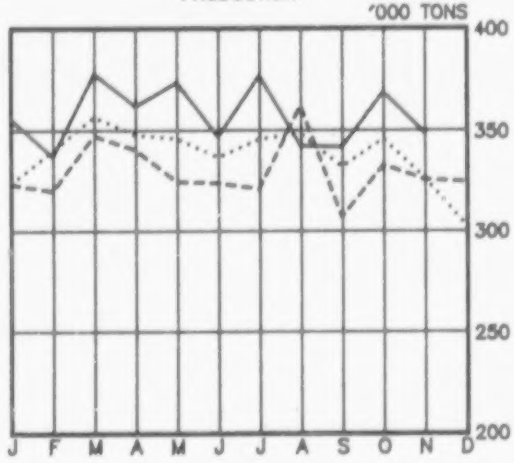
SEMICHEMICAL PAPERBOARD

PRODUCTION



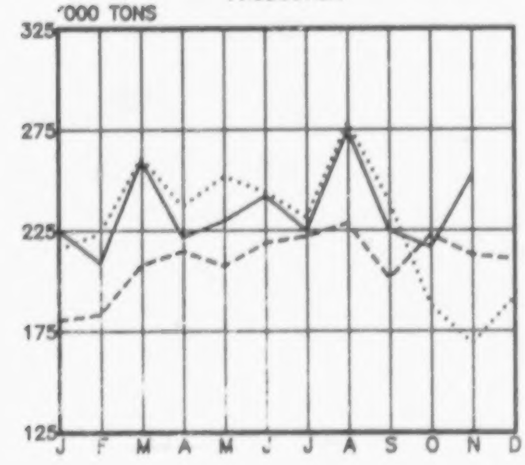
SOLID BLEACHED PAPERBOARD

PRODUCTION



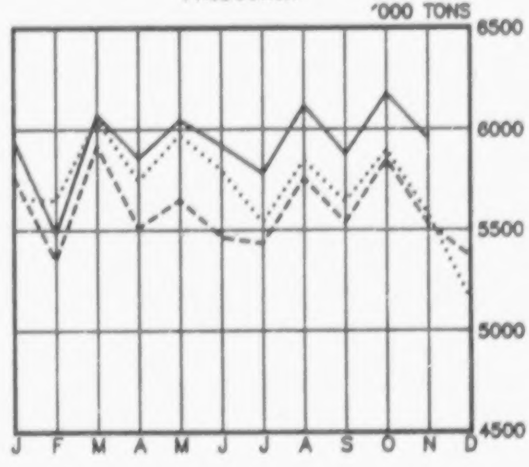
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 - - - - -1986 ————

I M P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 SEPTEMBER Tons	1986 SEPTEMBER $000	1986 OCTOBER Tons	1986 OCTOBER $000	(1) Annual Rate YTD 1986 Tons	% Change from Same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	27175	1748	6630	363	76075	89.6
Pulpwood Chips	789382	22006	9803	252	32573	812	696514	-14.0
Total All Imports	16156209	7255817	1352860	617122	1412473	666703	16696058	2.7
Wood Pulp Total	4465746	1520907	378681	138681	371514	144100	4583138	2.5
Waste Paper	87413	10160	8181	1044	9557	931	98323	12.5
Other Fibrous Materials	81430	26949	4616	1518	3390	1273	111959	26.0
Paper Board & Products Total	11521619	5697802	961382	475878	1028012	520399	11902638	2.6
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	914231	410881	998010	451260	11519677	1.7
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	931301	466067	998074	511263	11556625	3.5
Paper & Paperboard Only	10821629	4962757	884150	401069	968072	448124	11173664	2.7
Paper Total	10637428	4906882	858787	393518	942664	439895	10903964	1.8
Newsprint	8496568	3638716	668448	282877	725686	313373	8643340	1.3
Printing & Writing	1912867	1116225	162129	94032	191940	111112	1958792	2.4
Uncoated Groundwood	1027211	530619	81772	41530	108653	57690	971822	-5.0
Coated Print.& Impreg. Pap.	496072	363855	42846	30191	38530	26568	473918	-6.7
Uncoated Free Sheet	364848	198432	34245	19773	39970	23141	440209	19.9
Uncoated Book	200927	106586	17328	9835	18490	10804	219557	9.0
Writing and Similar Paper	163921	91846	16918	9938	21480	12337	220652	33.2
Thin (except Cigarette)	23712	22276	3210	2488	4705	3632	46137	95.3
Bristols	1024	1043	55	49	83	65	705	-32.9
Total Pkg & Other Paper	172003	116390	22098	12535	19725	11718	236723	39.7
Unbleached Kraft Paper	63604	23976	12194	4591	10410	3698	112478	80.9
Other Pkg. & Indust. Paper	108398	92414	9904	7944	9315	8020	124145	16.2
Tissue	55991	35551	6112	4075	5313	3692	65110	15.8
Paperboard, Total	184201	55875	25363	7551	25408	9229	289700	51.7
Test or Containerboard	50975	16848	6864	2219	7234	2474	77002	53.8
Semi-Chemical Corrugating	65203	13706	8305	1840	7278	1637	95854	51.4
Other Paperboard	68023	25321	10194	3492	10897	4119	96845	50.4
Convtd Paper&Paperbd Products	283525	623320	47151	64997	30002	63139	382960	38.9
Paper Products, Total	258934	572316	44781	60087	27805	58869	354646	41.1
Paperboard Products, Total	24592	51004	2370	4910	2197	4270	28314	15.7
Wet machine Board	3270	2585	224	171	211	151	3216	-3.0
Construction Paper & Board	413196	109140	29858	3641	29728	4935	342797	-22.1
Notes								
Other: No Weight Avail. ($000)		228219		19231		18470	210189	-4.7
Total Imports Incl. Other($000)		7484036		636353		685173	7784911	3.4

E X P O R T S

	YEAR 1985 Tons	YEAR 1985 $000	1986 SEPTEMBER Tons	1986 SEPTEMBER $000	1986 OCTOBER Tons	1986 OCTOBER $000	(1) Annual Rate YTD 1986 Tons	% Change from Same Period Last Year
Pulpwood, Roundwood (cords)	51765	3037	1294	60	1387	79	(1) 37577	-26.1
Pulpwood Chips	2116137	168814	210608	12831	237060	15046	2277728	11.6
Total All Exports	11261281	4042068	1171937	432466	1046511	390430	13143873	16.9
Wood Pulp Total	3791102	1352708	457020	176181	344447	135409	4484356	19.2
Cotton Pulp and Other Pulp	107224	71802	10695	5014	13703	5210	161046	52.2
Waste and Old Paper	3285926	349258	306871	35752	313213	38233	3730427	13.4
Paper, Board & Products Total	4077029	2268300	397351	215519	374648	211578	4768044	16.6
Paper, Paperboard, Wet Machine Bd. & Construction Paper & Board	3586119	1588157	350796	158656	329454	151204	4252996	18.4
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	390383	211464	366196	207166	4674562	16.7
Paper & Paperboard, Only	3517311	1548451	343828	154601	321003	146792	4159514	17.9
Paper, Total	779000	594338	60086	43962	70068	53836	860076	9.2
Newsprint	314385	131379	26376	14972	30609	15476	363710	14.7
Printing & Writing	202826	201845	13094	13513	14843	15302	189407	-5.8
Uncoated Groundwood	36779	31727	2019	1380	2590	1743	40998	10.1
Clay Coated Paper	82461	65710	5300	4176	6447	4636	78059	0.8
Uncoated Free Sheet	64573	77929	3737	5455	4080	6204	49461	-25.6
Other Printing & Writing	19013	26479	2039	2502	1726	2519	20889	4.9
Total Pkg. & Other Paper	243671	242909	19238	19542	22786	21103	290349	15.7
Unbleached Kraft	67695	29931	5988	2440	7083	2856	81383	13.6
Other Pkg. & Indust. Paper	175976	212978	13250	17102	15703	18247	208966	16.6
Tissue	18118	18205	1378	1935	1831	1954	16610	-12.5
Paperboard, Total	2738310	954113	283742	104639	250935	92956	3299438	20.5
Solid Wood Pulp	2492746	872281	264048	97314	225419	84079	2963690	18.1
Total Linerboard	1807151	480909	195623	61071	161700	50127	2165706	19.1
Bleached Kraft Linerboard	130359	45687	5687	3208	9902	4729	141628	10.9
Unbleached Kraft Linerbd	1676791	435222	189936	57863	151799	45398	2024078	19.7
Other Unbleached Kraf.	100651	41053	10778	4323	8610	2913	150079	42.4
Other Bleached Kraft	523091	335026	47507	26538	48417	28921	571162	8.0
Semi-Chemical Corrugating	61853	15293	10141	3383	5692	2116	76744	36.9
Recycled Paperboard	245564	81833	19693	7325	25516	8877	335748	46.4
Convtd Paper&Paperbd Products	490910	680143	46555	56863	45193	60374	515048	3.5
Paper Products, Total	237191	464174	21912	38767	23786	41349	235961	-3.4
Paperboard Products, Total	253719	215970	24643	18096	21408	19025	279087	10.2
Wet Machine Board	13380	6930	658	429	1882	869	18999	44.9
Construction Paper & Board E	55429	32776	6310	3627	6569	3543	74483	40.9
Notes								
Other: No Weight Avail. ($000)		6618		528		579	7444	11.8
Total Exports Incl. Other($000)		4048687		432994		391009	4629038	13.3

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1984	1985	AUGUST 1986	SEPTEMBER 1986	OCTOBER 1986	NOVEMBER 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	293.3	292.0	295.8	297.7	299.3	300.6	293.4	0.3
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.2	294.5	297.4	299.3	300.9	302.2	295.5	0.2
Total Wood Pulp	397.2	346.6	365.9	371.5	374.7	379.2	355.7	2.2
Total Paper	302.9	303.4	307.5	308.9	310.5	312.8	305.7	0.7
Total Paper, exc. Newsprint	301.2	298.8	302.5	303.8	304.3	305.2	299.7	0.2
Newsprint	324.1	332.9	322.2	322.3	333.6	333.5	325.4	-2.3
Total Paperboard	281.5	274.6	274.1	276.8	280.9	281.7	271.6	-1.3
Total Paper and Paperboard *	296.2	294.4	297.0	298.8	301.2	303.0	294.9	0.0
Converted Products	280.7	288.1	290.3	291.8	292.8	293.7	288.9	0.2
Waste Paper	240.1	148.8	200.3	204.4	207.0	204.6	171.0	13.3
All Commodities	310.4	308.9	297.2	297.7	298.3	298.7	299.9	-2.8
Industrial Commodities	322.6	324.0	307.7	308.8	309.3	309.8	312.4	-3.5

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Continued from Page 2

an 0.8% in 1984; an 0.8% decline in 1985 and a 4.8% increase in the first eleven months of 1986. These data indicate that, over the long term, total paper and paperboard new supply continues to move in line with economic activity, although the relationship varies by grade.

The decline in the value of the U.S. dollar in international markets has had a positive impact on the U.S. production of paper and paperboard, with production in 1986 rising faster than new supply. The steeper gain in production reflects both a decline in the rate of gain of imports -- 2.6% in the first ten months of 1986 compared to a 23% increase in 1984 and a 4.0% increase in 1985 -- and a 17% increase in total exports in this 1986 period, compared to a small decline in exports in 1984 and a somewhat larger drop in 1985.

The Industry Data Sheet presents figures on production and total supply for paper and paperboard separately in the sections marked "Demand (Indexed)". The paper section shows that paper production rose by 4.3% in the first ten months of 1986, compared to a 3.7% increase in paper new supply; the difference reflected the trend of imports and the gain in exports. That same section also shows the index of market demand up 5%, indicating that market growth was somewhat stronger than that of new supply. Similar data for paperboard show a 7.0% gain in

Continued on Page 11

Continued from Page 10

production vs. a 6.6% gain in production for domestic use and only a 1.7% gain in the demand index. However, when viewed from the longer term of 1984 to the first ten months of 1986, the new supply gain of 3.6% is much closer to the 3.1% gain shown for the paperboard demand index in that period.

A pattern somewhat similar to that of total paper and paperboard was observed in wood pulp imports. Here imports rose 10% in 1984 and held flat in 1985. In the first ten months of 1986 they rose by 2.5%. Exports showed a small decline in 1984 but gained a bit in 1985 and spurted upward by 19% in the first ten months of 1986. Wood pulp production increased by 5.7% in the first ten months of 1986, new supply 4.5%.

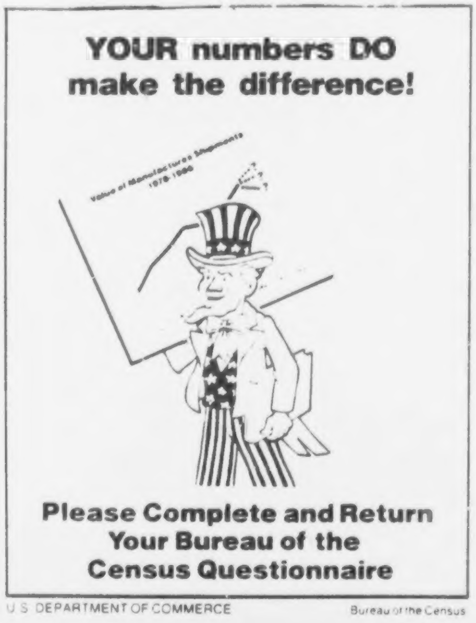
CAPITAL EXPENDITURES

Newly released data by the Department of Commerce show that expenditures on new plant and equipment by U.S. paper and allied products companies will peak in 1986 at $8.89 billion, 3.5% above the 1985 total and 23% above that reached in 1984. This very-high total includes expenditures by companies whose major products are in the converting sectors of the industry along with expenditures by those companies whose major products are in the primary sector. Some of the large converting companies have important operations outside the paper industry, and the Commerce data refer to total company expenditures.

Commerce also reported that expenditures on new plant and equipment by paper and allied products companies would decline by 8%, to $8.19 billion, in 1987. The effect of tax reform on the industry's cash flow is one reason for the pullback. Another is the fact that many companies have completed major programs for expansion and are now in a consolidation phase.

TECHNICAL NOTE

The API, in keeping with its long-standing policy of cooperating with government statistical sources, is pleased to publish this cartoon, and heartily endorses its message.


YOUR numbers DO make the difference!
Value of Manufactures Shipments 1976-1986
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Please Complete and Return Your Bureau of the Census Questionnaire
U.S. DEPARTMENT OF COMMERCE
Bureau of the Census

Continued on Page 12

Continued from Page 11

Global Paper and Paperboard Demand Outlook

Prospects for worldwide consumption of paper and paperboard appear fairly bright, according to a detailed study recently published by the Food and Agricultural Organization of the United Nations. The study, representing a joint effort by more than 200 people from around the world, used both computer models and projections made by industry representatives to develop supply/demand scenarios for newsprint, printing-writing papers, other paper and paperboard, wood pulp and waste paper.

The computer projections indicate that global consumption of paper and paperboard will expand at an average rate of between 2.6% and 2.9% a year during the 1984-1995 period, the range reflecting alternate scenarios of Gross Domestic Product in the future. This will bring world consumption to the 271- 281 million short tons range by 1995, up from 206 million short tons in 1984. However, the advisory panel composed of industry experts anticipates slower growth averaging 2.3% a year, to about 265 million tons, in 1995.

Over-all capacity to produce paper and paperboard should prove sufficient to meet demand during the next decade, according to FAO's analysis, with excess capacity in developed countries and deficiencies in developing countries. The report provided projections of production by country, but those figures should be used with care. Recent trends show some developing countries reducing their over-all dependence on imports by increasing their capacity faster than consumption.

FAO's computer model shows pulp consumption trending up between 2.2% and 2.4% a year during the 1984-1995 period, but it places the likely expansion of waste paper utilization in the 4.9-5.1% a year range. The advisory panel of industry experts has indicated that these waste paper projections may not be achievable because special coatings and laminates are making an increasing proportion of waste paper unsuitable for recycling.

The computer model places growth of newsprint consumption at 2.8-3.1% a year for the 1984-1995 period. Printing paper growth is projected at 4.2-4.7% and other paper and paperboard at 2.1%-2.8% a year.

World trade in paper and paperboard is projected to reach 61-66 million short tons by 1995; 1984's was 43 million tons.

World Pulp and Paper Outlook
(Million short tons)

	1984 Actual	1995 Range
Newsprint	32.2	43.3-43.8
Printing-Writing Papers	53.8	81.1-83.2
Other Paper and Paperboard	120.4	146.5-153.7
Total Paper and Paperboard	264.6	271.2-281.1
Wood Pulp	154.4	195.1-200.0
Waste Paper	54.0	91.5-93.7

Source: Food and Agricultural Organization of the United Nations

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

December 27, 1986

			PRODUCTION (000 TONS)			
	Nov. 86	Oct. 86	Nov. 85	Jan. - 86 -	Oct. 85	% Change 86/85
PAPER GRADES						
Newsprint	473	469	438	5159	4990	3.4
Printing & Writing	1688	1758	1541	18086	16981	6.5
Uncoated Groundwood (s)	127	137	138	1393	1403	-0.7
Coated Paper (s)	548	569	469	5733	5426	5.7
Uncoated Free Sheet Paper (s)	902	934	819	9683	8935	8.4
Thin Paper (s)	16	19	22	222	241	-7.9
Cotton Fiber Paper (s)	13	13	13	138	133	4.0
Bleached Bristols (s)	83	86	80	918	845	8.6
Tissue Paper	420	454	411	4669	4531	3.0
Total Pkg & Other Paper	417	435	420	4713	4800	-1.8
Unbleached Kraft Packaging & Indl. Converting (s)	263	272	273	3065	3139	-2.4
Other Paper *	154	164	148	1648	1661	-0.8
TOTAL PAPER	2998	3116	2810	32626	31302	4.2
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1457	1511	1328	16163	15075	7.2
Unbleached Kraft Linerboard	1381	1394	1228	14957	13976	7.0
Other Unbl. Kraft Paperboard	76	117	100	1207	1099	9.8
Semichemical Paperboard	454	458	416	4935	4684	5.4
Bleached Paperboard	348	368	325	3927	3624	8.4
Recycled Paperboard	688	719	648	7516	7024	7.0
TOTAL PAPERBOARD	2948	3057	2717	32542	30408	7.0
TOTAL PAPER AND PAPERBOARD	5946	6173	5527	65168	61710	5.6

WOOD PULP (ALL GRADES)	Oct. 1986	Sep. 1986	Oct. 1985	Jan. - 1986	Oct. 1985	% Change 85/84
Dissolving & Special Alpha	98	104	106	1041	984	5.8
Bleached Sulfite	115	119	118	1175	1142	2.9
Unbleached Sulfite	14	13	17	138	165	-16.6
Bleached & Semi-Bl. Sulfate	2050	1958	1862	20016	18734	6.8
Unbleached Sulfate	1773	1682	1687	17274	16333	5.8
Semichemical	350	338	353	3450	3366	2.5
Groundwood & Thermomechanical	482	457	454	4618	4422	4.4
TOTAL PULP DIVISION DATA	4881	4671	4595	47712	45146	5.7

(s) - Shipments R - Revised
P - Preliminary

December 27, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD — Tons (000)	1984	1985	September	October	November	1986	
Total Production (API).......: excluding :...	68487	67076	5872	6173	5947	71062	5.6
Total Seasonally Adjusted....:construction:...			5887	5944	6025	70644	5.6
Imports (including Products).: and wet :..E	10576	11106	931	998	950	11542	3.6
Exports (including Products).: machine :..E	4309	4009	390	366	360	4642	15.7
Apparent Consumption.........: grades :...	74754 a	74173 b	6425	6565	6603	77544 c	4.8
Paper Production % Tonnage Capacity...........	92.8 g	90.6 g	92.1	93.2	93.2	92.5 gh	-
Paperboard Production % Tonnage Capacity......	94.6 g	89.9 g	91.9	93.5	93.5	93.6 g	-
			August	September	October		
IMPORTS.....:Including Construction and :...	11075	11521	1032	961	1028	11903	2.6
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	402	397	375	4768	16.6
			August	September	October		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6897	6800	675	627	593	7477	10.1
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55470	54029	4903	4671	4881	57255	5.7
WOOD PULP IMPORTS - TONS (000)..................	4490	4466	422	379	372	4584	2.5
WOOD PULP EXPORTS - TONS (000)..................	3594	3791	418	457	344	4484	19.2
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			August	September	October		
Wood Pulp.............:consumption for:.....	54562	53297	4729	4561	4788	55736	4.2
Waste Paper...........:construction & :.....	15926	15290	1390	1380	1419	16610	8.4
TOTAL..........: WMB grades :.....	70488	68584	6119	5941	6207	72345	5.2
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7582	7362	7779	91150	5.9
EMPLOYMENT (000)			September	October	November		
Paper and Allied Products..........Total......	682.3	683.2	693.0	693.7	695.5	689.3	0.9
Pulp, Paper and Board Mills........Total.....E	257.2	253.5	251.6	251.7	252.2	252.0	-0.6
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.44	10.82	11.20	11.21	11.26	11.14	3.1
Pulp, Paper Mills..........................E	12.45	13.11	13.72	13.77	13.82	13.58	3.7
Paperboard Mills...........................E	12.99	13.60	14.09	14.33	14.35	14.03	3.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q4	1986 Q1	1986 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.59	9.56	8.67	9.02	8.87y	3.3
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			September	October	November		
:IN PULP, PAPER :...Production Workers..........	125.5	125.2	134.4	134.4	135.5	133.5	6.8
:AND BOARD MILLS:...All Employees...............	123.9	125.7	133.2	133.6	135.2	133.2	6.2
PAPER AND ALLIED PRODUCTS (Million $)			August	September	October		
Industry Shipments (Dept. of Commerce)*........	95990	97664	9299	9515	9327	108167	11.2
Pulp, Paper and Paperboard*..................	41539	41830	3929	4077	4100	45948	10.2
Inventories (End of Period) - Total Industry*..	9701	9728	10114	10065	9955	10065	3.4
Pulp, Paper and Paperboard*..................	3662	3800	3885	3906	3919	3906	5.3
			1986 Q1	1986 Q2	1986 Q3		
Sales (Corporations Only)......................	71891	71465	17575	18470	18904	73265	2.2
Earnings (Corporations Only)...................	3015	2880	589	922	824	4670	6.9
Depreciation (Corporations Only)...............	2798	3099	820	844	843	5014	7.9
Net Worth (Corporations Only)..................	28160	29694	30033	30646	31075	31075	5.1
PRICE INDEXES (Bureau of Labor Stats)1967=100			September	October	November		
Pulp, Paper & Products, ex. Building Grades....	293.3	292.0	297.7	299.3	300.6	293.4	0.3
Wood Pulp......................................	397.2	346.6	371.5	374.7	379.2	355.7	2.2
Waste Paper....................................	240.1	148.8	204.4	207.0	204.6	171.0	13.3
Paper..	302.9	303.4	308.9	310.5	312.8	305.7	0.7
Paperboard.....................................	281.5	274.6	276.8	280.9	281.7	271.6	-1.3
PAPER DEMAND (INDEXED: 1977=100)			September	October	November		
Total Paper Production *......................	124.1	123.0	129.1	129.1	131.6	128.1	4.3
Paper New Supply *............................	127.7	128.8	133.7	135.6	135.1	133.5	3.7
Demand Indicators - (Weighted Average) *.....	136.7	141.6	148.8	151.2	152.0	148.5	5.0
Production of Nondurable Goods *...(21.2%).	122.5	125.3	131.6	132.0	133.1	130.6	4.4
Disposable Income ....*.(23.9%)	124.0	126.8	131.5	132.0	132.5	131.6	3.8
Total Printing and Publishing *...(54.9%).	147.8	154.3	162.9	167.0	167.8	162.8	5.7
Trend Factor				Not Available			
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	117.3	114.3	120.4	122.4	123.3	121.5	7.0
Production for Domestic Use	115.2	112.8	118.5	121.1	120.5	119.3	6.6
Demand Indicators - (Weighted Average) *.....	118.3	120.1	122.1	122.1	122.9	122.0	1.7
Production of Consumer Goods *...(62.06%)	118.2	120.5	124.7	124.7	125.6	124.3	3.4
Production of Equipment *...(5.75%)	140.5	146.4	142.8	143.3	144.1	142.9	-2.3
Production of Materials *...(32.19%)	114.6	114.5	113.5	113.3	113.9	113.7	-0.6
Trend Factor				Not Available			
NEWSPRINT MARKETS			August	September	October		
Consumption by Publishers - Tons (000).........	12602	12773	1099	1101	1173	12996	3.1
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	460.6	461.5	464.5	460.8	2.0
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.)...........	157798	155263	968[illegible]	14635	14901	167108	10.8
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3313	3231	3442	38342	10.9
Inventories (End of Period).	2724	3155	3194	3100	3119	3119	4.2
FIBRE BOX DATA (Fibre Box Association)			September	October	November		
Fibre Box Shipments (Million square feet).......	267549	267451	24379	27131	21406	284985	5.5
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2269	2176	2098	2098.1	-15.0
RETAIL TRADE (Million $)			August	September	October		
Total Retail Sales *..........................	1289987	1372853	121523	128003	121587	1437000	5.0
Nondurable Goods Stores Sales *...............	825290	859316	73611	73487	73679	880096	2.8
GENERAL ECONOMIC DATA			September	October	November		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.2	125.2	125.2	125.9	125.0	0.7
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	310.3	308.7	297.7	298.3	298.7	300.0	-2.8
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	330.2	330.5	330.8	328.1	2.0
			August	September	October		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	579.6	588.9	593.7	593.7	12.0
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q1	1986 Q2	1986 Q3		
G.N.P. or Expenditure - Current $..............	3765.0	3998.1	4149.2	4175.6	4240.7	4188.5	5.5
G.N.P. or Expenditure - 1982 $.................	3489.9	3565.2	3655.9	3661.4	3686.4	3667.9	2.7

	lb/capita			
	Pap&Papbd	Othr	Totl	Popul(mil)
.a	631 +	19 =	650	237.0
.b	620 +	18 =	638	239.3
.c	642 +	17 =	659	241.5

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

2/10/87 A 2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 1 JANUARY 1987

PAPER AND PAPERBOARD PRODUCTION IN 1986 BETTER THAN EXPECTED

It will come as no surprise to readers of this report to learn that production of paper and paperboard reached a new high in 1986. The seasonally adjusted monthly data reported here showed that production was at record high rates throughout 1986.

What may be surprising is the level of that high. Changes in labor contracts made during the past two years or so allowed many of the mills, if they so desired, to operate throughout the normal shutdown periods in December. The strong demand evident for paper and paperboard in most of their major markets spurred producers to keep their mills running, and the decline of about 500,000 tons called for by past seasonal factors from November to December never materialized.

In fact, total production of paper and paperboard in December 1986 rose from November's 5,879,000 tons to 5,936,000 tons, with both paper and paperboard sharing in the gain. This is the first time in memory that production of paper and paperboard in December, separately or in combination, exceeded their respective November levels.

This unusual gain brought the 1986 total of paper and paperboard production to an unprecedented 71,042,000 tons, 4 million tons -- 5.9% -- above the 1985 total and 2.5 million tons -- 3.7% -- above the 1984 high. The 1986 total was equivalent to 93.9% of the total capacity reported for 1986 in the API's November 1986 Capacity Survey.

Paper: The sectors of strength in the various paper and paperboard grades have been clearly delineated by the trends reported here during the past year, and the established patterns continued, actually intensified, during December. Shipments of printing and writing papers, for example, rose by 2.4% from November to December, to bring the total to 19.7 million tons, 6.5% above the high of 18.5 million tons established in 1985. Uncoated free sheet papers offered the major support to this growth; at 10.5 million tons shipments were 7.7% above their 1985 high and 14% above the earlier 1984 high.

Many different economic trends converged to support this growth. For example, continued growth in use of computers for home, business, industry and research led to an estimated 12% increase in shipments of form bond papers, the grade used largely for computer printout papers. Shipments of office

Continued on Page 2

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bond and writing papers -- largely office papers -- increased by about 10% from 1985 to 1986. These grades comprise 45% of uncoated free sheet papers.

Shipments of offset papers, which account for another 25% of the total, rose about 7%, reflecting the rising levels of demand for these papers by commercial printers and book publishers.

As the value of the dollar receded during 1985, imports of uncoated free sheet papers started to ease, and the 1985 total was 24% below its 1984 peak. However, the strong demand evident in the markets for these papers in 1986 acted to turn the trend of imports. For the first 11 months of 1986, these imports were at an annual rate of 452,000 tons, 23% above their corresponding 1985 rate.

Domestic production of coated papers showed a strong recovery from the inventory-depressed levels of 1985. Total shipments of these papers from domestic mills in 1986 amounted to 6,260,000 tons, 6.5% over their 1985 level and slightly above their 1984 high. Shipments of these papers to magazine publishers gained modestly, probably reflecting both demand for inventory and a small gain in publishing. Magazine advertising pages and circulation in 1986 held fairly close to their respective 1985 levels. At the same time, demand for coated papers by commercial printers -- largely the coated free sheet grades -- showed a strong gain. While printers did begin to rebuild the inventories they had depleted in 1985, the increase was rather small, indicating that the 1986 gain was soundly based on new demand.

At the same time, imports of coated papers, at about 500,000 tons per year, remained close to their record-high 1985 rate. These imports had increased by a factor of 2.6 from 1983 to 1984 under the impact of the high-valued dollar, and exporters to the United States are apparently trying to maintain these new markets even though the value of the dollar had receded sharply from its first quarter 1985 peak. A review of coated paper imports from the major exporting countries in 1986 shows that shipments from Canada, Finland, West Germany and Japan in the first 11 months of 1986 were all very near or above their respective 1985 totals. These countries accounted for 64% of the total U.S. imports of coated papers. Italy was the only important exporting country to reduce its coated paper shipments to the U.S. sharply, with the total for the 1986 period falling to 43,300 tons from the 90,200 tons shipped in the corresponding 1985 period. At the same time, imports of these papers from all other countries, accounting for 26% of the total, were slightly above their corresponding 1985 level. One further point: the value of the dollar relative to the domestic currencies of all the countries listed, except Canada, moved sharply downward during 1986, and there even was a small decline in the value of the U.S. dollar relative to the Canadian dollar.

Newsprint production rose a modest 3.7% in 1986, reaching a record high of 5,630,000 tons. At the same time, this total represented 96% of the total capacity reported in the API's November 1986 Capacity Survey, and 40.5% of the total new supply computed from data reported by the API's Newsprint Division. (This Division uses data on shipments of Canadian newsprint to the United States as reported by the Canadian Pulp and Paper Association, rather than the Census data, as an appropriate measure of the supply of these papers to newspaper publishers.) Canada supplied 56.8% of the total new supply in 1986, overseas countries, 2.8%. The corresponding 1985 ratios showed the United States at 40.0%; Canada at 57.3% and overseas countries at 2.7%.

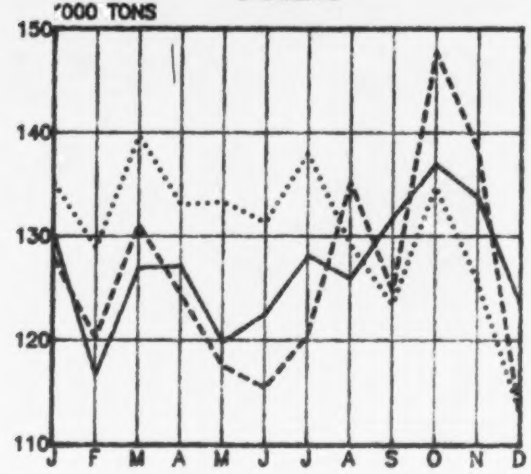
Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

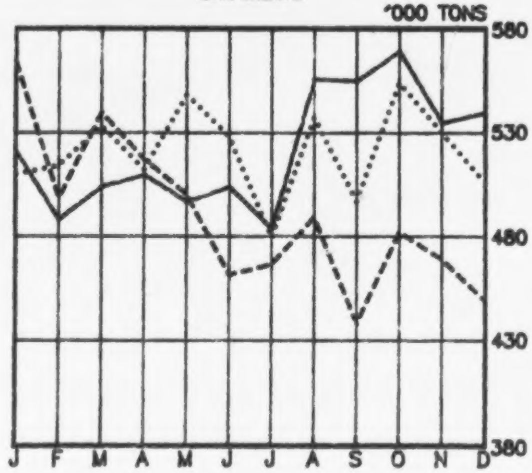
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	SEPT 1986	OCT 1986	NOV 1986	DEC 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5,539	5,428	462	469	473	472	5 630	3.7
- Shipments	5,584	5,417	482	481	470	484	5,638	4.1
Printing & Writing sum	18.433	18.471	1,671	1,764	1,614	1,653	19,671	6.5
Groundwood Paper - Shipments	1,565	1,516	132	137	134	124	1,523	0.5
- New Orders	1,575	1,477	122	130	132	122	1,548	4.8
-Unfilled Orders	140	106	141	132	129	131	131	24.6
Coated Papers - Shipments	6,249	5,875	555	570	535	540	6.260	6.6
- New Orders	6,281	5,642	549	555	507	515	6,275	11.2
- Unfilled Orders	575	393	478	458	434	399	399	1.3
Unctd Free Sheet - Shipments	9,207	9,750	872	939	838	881	10,504	7.7
- New Orders	8.939	9.704	841	922	839	856	10.528	8 5
- Unfilled Orders	430	509	574	557	554	534	534	5.0
Thin Papers Shipments	303	262	21	19	16	18	240	-8.5
Cotton Fiber Paper - Shipments	147	144	13	14	12	12	151	4.7
Bleached Bristols - Production	961	924	80	86	80	78	993	7.4
Tissue Paper - Production	4,921	4,941	415	454	423	424	5,096	3.1
Total Packaging & Other Paper	5.555	5,202	425	435	417	424	5 137	-1.3
Unbl. Kraft Paper - Shipments	3,666	3,403	274	272	263	275	3,340	-1.8
Other Paper - Production	1,889	1,799	151	164	154	149	1.796	-0.1
TOTAL PAPER-Production-Unadj.	34,447	34,042	2,974	3,123	2,926	2,972	35,534	4.4
-Production-S.A.			2,983	2,994	2,977	3.099	35,575	4.4
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26,403	25,404	2,229	2,338	2,260	2,334	27 359	7 7
Total Unbl. Kraft Paperboard	17,185	16,368	1,438	1,511	1,457	1,531	17,694	8.1
Unbl. Kraft Linerboard (1)	16,037	15,183	1,329	1,394	1,381	1,434	16.390	8.0
Production for Export	2,086	1,830	161	153	180	184	2,079	13.6
Other Unbl. Kraft Paperboard	1,149	1,184	109	117	76	97	1 304	10.1
Semichemical Paperboard	5,169	5,088	450	458	454	438	5,373	5.6
Production for Export	149	189	22	17	26	19	212	11.7
Solid Bleached Paperboard	4,048	3,948	341	368	348	365	4,293	8.7
Production for Export	478	466	40	44	43	44	513	10.1
Recycled Paperboard	7,637	7,630	669	719	691	625	8,143	6.7
Production for Export	17	26	2	3	2	1	25	-6.4
TOTAL PAPERBOARD-Prod.-Unadj.	34,039	33,034	2,898	3,057	2,950	2,959	35,503	7.5
- Containerboard Prod.(Dom. Use)	20,993	20,042	1,765	1,862	1,813	1,838	21,558	7.6
- Boxboard Prod.(Dom. Use) (2)	5,783	5,673	482	518	480	478	5,938	4.7
- All Other P'bd Prod.(D.U.) (2)	4,531	4,808	426	461	406	395	5.180	7.7
- Total Paperbd Prod. for Export	2,731	2,511	225	217	252	248	2,827	12.6
TOTAL PAPERBOARD PROD.- S.A.			2,904	2.957	2,977	3.340	35,585	7.5
TOTAL PAPER AND PAPERBOARD								
Production - actual	68 487	67,076	5,872	6,180	5,877	5,931	71,036	5.9
Production - S.A.			5,887	5,950	5,954	6,439	71,159	5.9

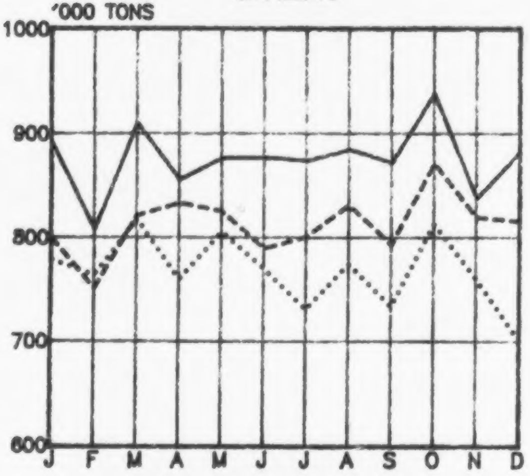
(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.


GROUNDWOOD PAPER, UNCOATED

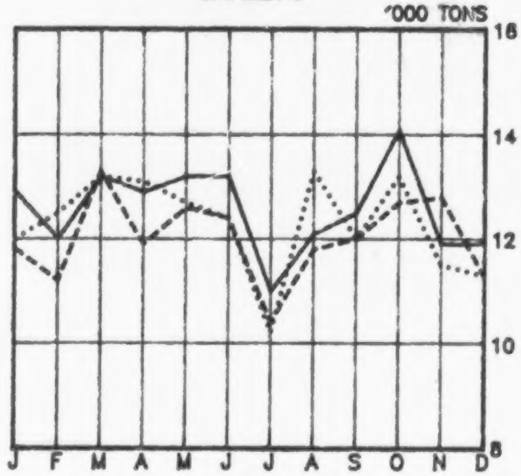
SHIPMENTS


COATED PAPER

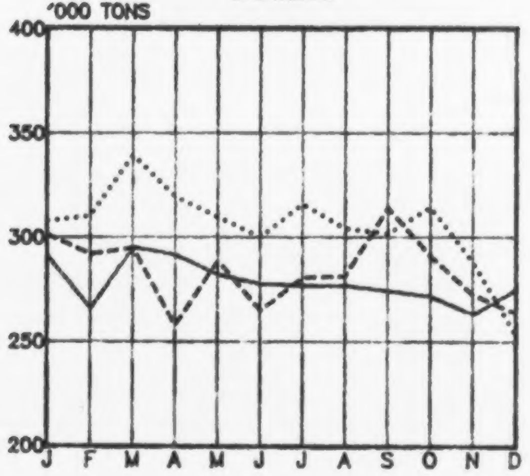
SHIPMENTS


UNCOATED FREE SHEET PAPERS

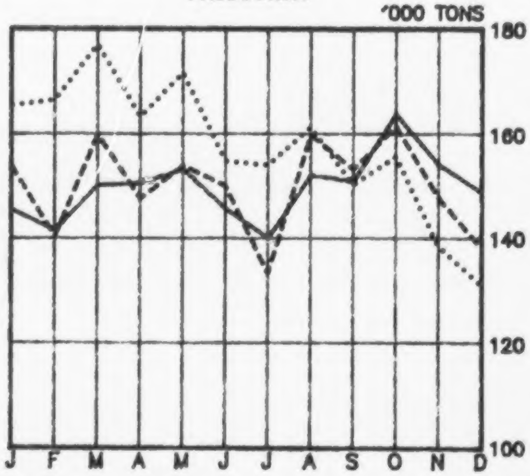
SHIPMENTS


COTTON FIBER PAPER

SHIPMENTS


UNBLEACHED KRAFT PACKAGING
AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS


OTHER PAPER

PRODUCTION

1984 ········ 1985 - - - - - 1986 ————

WOOD PULP STATISTICS

(Thousands of Tons)

		YEAR		AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	Annual Rate Y-T D	% Change from same Period Last Year
		1984	1985	1986	1986	1986	1986	1986	
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	55,470	54,141	4.903	4.671	4.880	4 781	57 256	5.5
	- Imports	4,490	4,466	422	379	372	467	4,676	3.9
	- Exports	3,594	3,791	418	457	344	312	4.417	15.8
	- New Supply	56,367	54,816	4,907	4,592	4,907	4,936	57,514	4.6
Dissolving Pulp	- Production	1,206	1,174	113	104	98	95	1,239	5 1
	- Imports	161	175	28	24	23	19	258*	44.0
	- Exports	595	631	63	83	61	53	703	9.5
	- New Supply	772	718	78	45	60	60	794	10.9
Paper Grades	- Production	44.690	43,690	3.961	3.772	3.951	3.874	46 335	5 8
Chemical Pulp	- Imports	4.023	4.104	378	343	342	443	4,308	4.5
	- Exports	2.945	3.131	353	370	279	252	3 653	16 2
	- New Supply	45.767	44.662	3.986	3.745	4.015	4.066	46.991	5.0
Groundwood and	- Production	5 506	5.251	469	457	481	467	5 541	4 9
Thermo Mech.	- Imports	306	187	15	12	7	5	110*	-44.9
	- Exports	54	29	2	4	5	7	61	115 9
	- New Supply	5.758	5,409	483	464	483	465	5,590	2 5
Semi Chemical	- Production	4,069	4,027	359	338	350	345	4 140	2 6
	- Imports								
	- Exports								
	- New Supply	4,069	4,027	359	338	350	345	4.140	2.6
MARKET WOOD PULP									
Total Market	- Production	6.898	6 800	675	627	593	651	7 508	10 2
Wood Pulp	- Imports	2,968	2,791	297	270	261	282	3,133	11 6
	- Exports	3,511	3,784	406	404	328	295	4.354	16 3
	- New Supply	6,355	5,807	566	492	526	638	6.288	6.9
Dissolving Pulp	- Production	1,205	1,171	113	104	98	95	1.232	4 7
	- Imports	204	174	25	21	16	13	211	17.1
	- Exports	690	666	57	69	52	49	692	6 0
	- New Supply	718	679	81	56	62	58	752	6.7
Paper Grades	- Production	5 680	5,605	562	522	494	555	6 265	11 6
Chemical Pulp	- Imports	2,664	2,531	257	241	241	269	2,837	11 8
	- Exports	2,821	3,117	349	335	276	246	3 662	18 6
	- New Supply	5.523	5,019	470	428	459	578	5,440	7.5
Groundwood Pulp	- Production	14	24	0	1	1	1	11	55 6
and All Other	- Imports	100	86	16	7	4	0	84	-7.4
	- Exports	1	1	(0)	0	0	0	0	0 0
	- New Supply	114	109	16	9	5	2	96	-17 1

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

* It appears that about 75,000 tons (annual rate) of Groundwood Wood Pulp Imports were improperly classified as Dissolving Wood Pulp Imports.

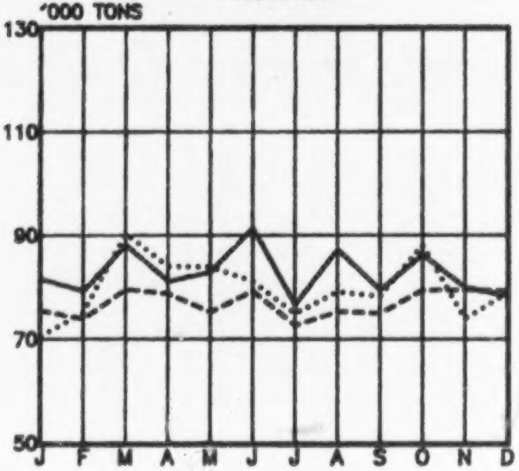
FIBROUS RAW MATERIALS

(Thousands of tons)

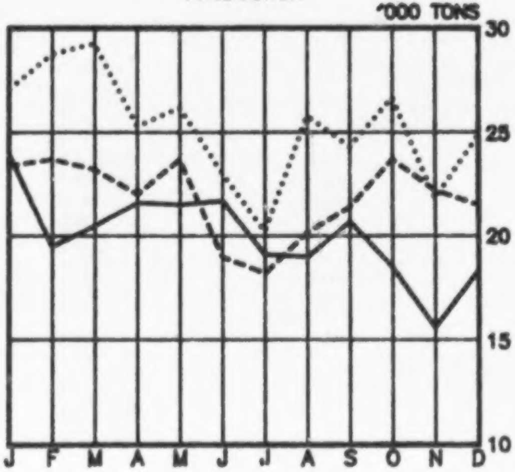
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70,488	68,561	6.119	5.941	6 206	6 134	72,487	5 4
Total Wood Pulp	54,562	53,274	4,729	4,561	4,786	4,735	55,862	4.6
Waste Paper	15,926	15,290	1,390	1,380	1,419	1.398	16 626	8 2
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	195	186	176	179	179	-5.7
Producers' Market Inventories	585	486	352	303	292	356	356	33.7
Consumers' Purchased Inventories	545	492	542	558	527	538	538	20.2
Waste Paper at Paper & Bd. Mills	1,053	967	851	877	948	893	893	-8 4
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	21	17	16	21	21	-40 0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Papor Data, Paper Recycling Committee API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

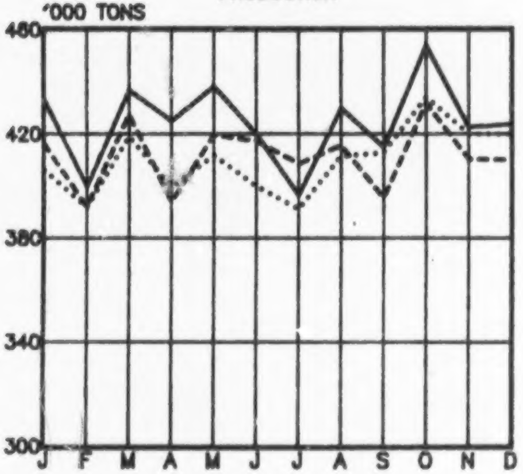
BLEACHED BRISTOLS
PRODUCTION



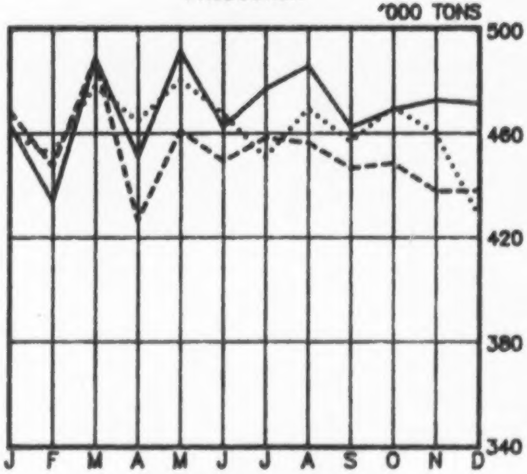
THIN PAPER
PRODUCTION



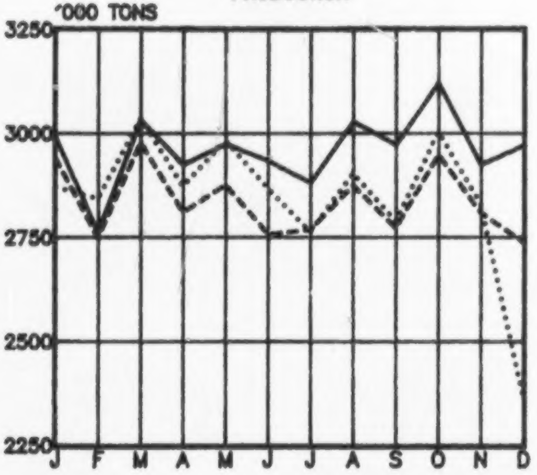
TISSUE PAPER
PRODUCTION



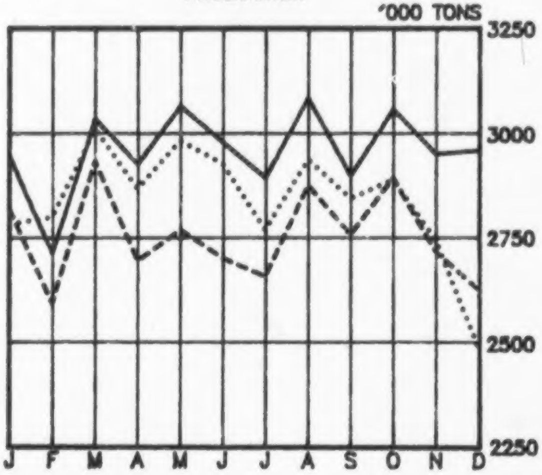
NEWSPRINT
PRODUCTION



TOTAL PAPER
PRODUCTION



TOTAL PAPERBOARD
PRODUCTION



1984 ······· 1985 -----1986 ———

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	1985	AUGUST 1986	SEPTEMBER 1986	OCTOBER 1986	NOVEMBER 1986	Annual Rate Y-T D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85499	7465	7493	8247	7224	90877	5.9
	- Total Consumpt	87646	85744	7582	7362	7779	7681	91243	6.1
	- Residues *	32072	30464	2710	2642	3068	2478	32938	7.2
	- Inventories	5574	5046	4835	4970	5501	4909	4909	-3.0
So. Atlantic	- Total Receipts	27654	27589	2289	2436	2594	2349	29451	6.9
	- Total Consumpt	27344	27815	2345	2372	2465	2419	29332	5.4
	- Residues *	8198	7970	788	755	889	763	9363	17 8
	- Inventories	1444	1117	1016	1037	1187	1060	1060	-3.5
Northeast	- Total Receipts	7665	7430	586	589	688	592	7245	-2.5
	- Total Consumpt	7474	7394	561	533	637	586	7231	-2.5
	- Residues *	1501	1539	124	118	136	112	1432	-8.5
	- Inventories	590	544	368	411	447	447	447	-11.5
South Central	- Total Receipts	30693	29786	2729	2694	2785	2572	31751	6.2
	- Total Consumpt	30502	29914	2737	2612	2610	2785	31971	6.5
	- Residues *	9059	9207	828	834	882	788	9772	5.4
	- Inventories	1304	1198	1038	1107	1288	1051	1051	-11.8
North Central	- Total Receipts	6872	6430	561	522	631	515	6519	0.6
	- Total Consumpt	6563	6296	578	557	549	576	6732	6.6
	- Residues *	1472	1290	85	88	97	75	1042	-21.3
	- Inventories	906	884	808	818	868	820	820	-8.5
West	- Total Receipts	15992	14264	1300	1252	1549	1196	15911	10.3
	- Total Consumpt	15763	14325	1361	1288	1518	1315	15976	10.7
	- Residues *	11842	10458	885	847	1064	740	11328	6.8
	- Inventories	1330	1303	1605	1597	1711	1531	1531	11.8

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Associatio 9 21-Jan-87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	$000's	OCTOBER Tons	1986 $000's	NOVEMBER Tons	1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21,604	2.462	6,630	363	2,073	160	64 766	176.1
Pulpwood chips	788,486	21,955	32,498	797	102,267	4,010	743,167	-5.9
Wood Pulp, Total	4,020,736	1,385,871	337,116	130,041	396 571	156.731	4 027.684	-0.4
Waste Fibrous Materials, Total	144,564	26,371	11,435	1,430	13,620	2,460	160,904	9.3
Paper, Board & Products, Total	9,734,523	4,306,694	841,779	383,122	943,369	436.673	10,092,772	3.5
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9.640,776	4,164,985	831,201	365.458	930,636	417.808	9,969,164	3.2
Paper, Paperboard & Products	9,380,235	4,215,314	820,076	378,512	921,889	432,215	9,837,141	4.8
Paper & Paperboard, Only	9,286,488	4,073,606	809,498	360,847	909,156	411,462	9,713,533	4.5
Paper, Total	9,132,128	4,030.872	790,419	355,046	887,168	405,014	9,485,329	3.8
Newsprint	8,117,986	3,496,944	690,420	299,450	767 032	340,684	8,390,444	3.2
Printing, Writing & Rel. Pap.	841,500	435,561	80,184	45,787	97,202	52,634	864,402	3.2
Pack. & Ind. Conv. Paper	124,100	64,640	16,292	7,187	17,871	8.085	183,880	50.8
Special Industrial Paper	3,463	5,393	384	629	388	662	4,528	31.9
Tissue Paper	45,081	28 334	3,139	1,993	4,674	2,950	42,076	-8.3
Paperboard Total	154,360	42,734	19,079	5,802	21,988	6,448	228,204	49.8
Convtd Paper&Paperbd Products	93,747	141,708	10,578	17 664	12,733	20,753	123,608	34.0
Wet Machine Board	2,184	1,481	181	119	314	212	2,392	8.6
Construction Paper & Board	352,104	89,898	21,522	6,225	21,166	6.134	253,239	-30.7

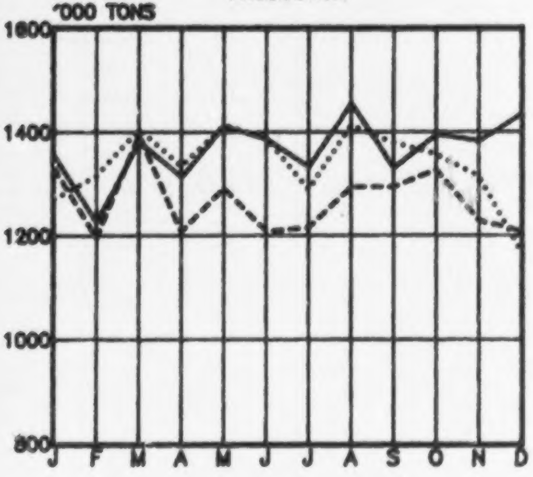
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49,611	2,925	1,387	79	9 035	292	40.745	-20.7
Pulpwood chips	82,626	4.780	63,422	3.375	57,583	2,811	240,309	170.6
Wood Pulp, Total	203,934	79,541	24,037	6.818	21,294	6.310	264,780	30.3
Cotton Pulp & Other Pulp	15,083	6,252	4,088	1,024	3,855	1,186	33,418	146.7
Waste Paper	209,087	23,249	20,741	2,300	20,048	2.016	219 957	4.2
Paper, Board & Products, Total	736,140	485,290	70 113	44,291	59,224	38,846	855,008	15.8
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	579,768	333,614	55.494	29.709	46,003	26 506	700,036	20.8
Paper, Paperboard & Products	710,785	473,839	65,939	42,445	56,388	37,526	824,663	15.6
Paper & Paperboard, Only	554,413	322,162	51,320	27.862	43.167	25.187	669.691	20.7
Paper, Total	271,754	223,971	23.179	17,520	19,597	16,376	275,502	0.0
Newsprint	3,757	3,276	1,409	444	443	447	5.413	43.8
Printing, Writing & Rel. Pap.	133,800	118,625	10,357	8,446	10,742	8,482	120,846	-11.3
Pack. & Ind. Conv. Paper	41,327	23,536	2,537	1,418	2,143	1,463	26.086	-39 0
Special Industrial Paper	90,071	74,893	8,423	6,832	5,944	5,675	119,805	33.6
Tissue Paper	2,799	3,641	454	380	326	308	3.352	12.2
Paperboard, Total	282,658	98,191	28,142	10,342	23,570	8.811	394,190	41.1
Convtd Paper&Paperbd Products	156.372	151,676	14,619	14,582	13,221	12,339	154,972	-2.3
Wet Machine Board	5,786	4,243	1,023	584	1,015	535	10,729	96.7
Construction Paper & Board	19,570	7,209	3,151	1,263	1,820	785	19,616	2.2

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 21-Jan-87

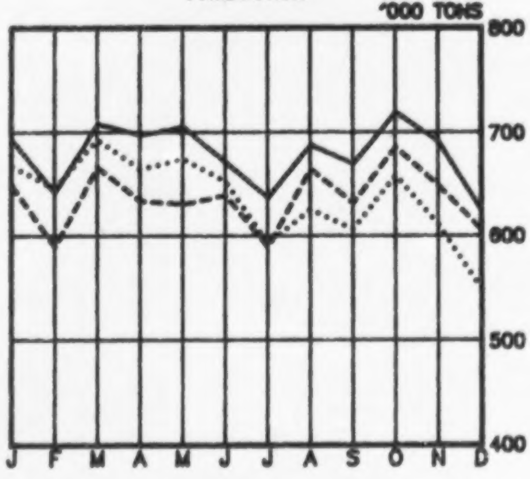
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



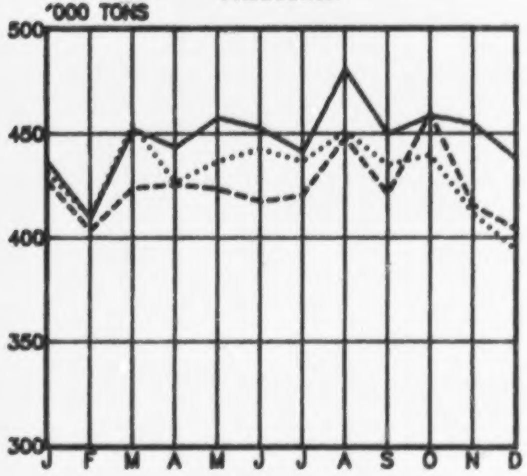
RECYCLED PAPERBOARD

PRODUCTION



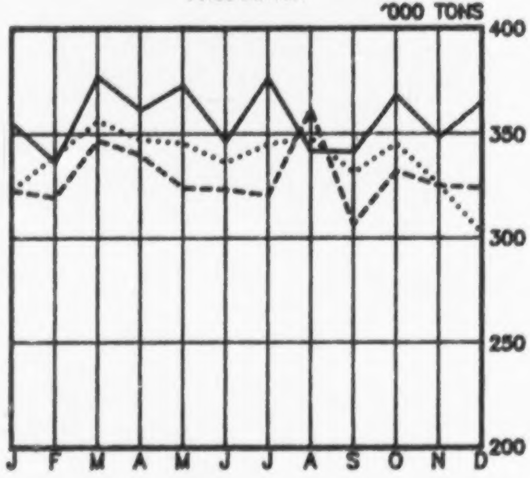
SEMICHEMICAL PAPERBOARD

PRODUCTION



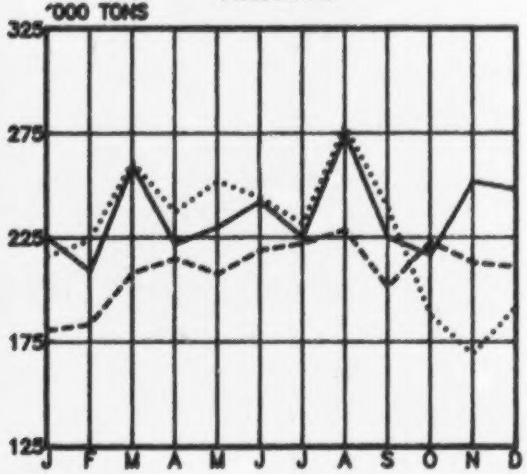
SOLID BLEACHED PAPERBOARD

PRODUCTION



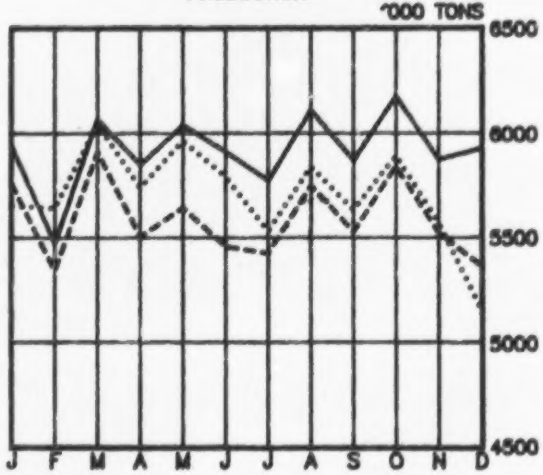
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ········ 1985 -----1986 ————

IMPORTS

	YEAR 1985 Tons	YEAR 1985 $000	1986 OCTOBER Tons	1986 OCTOBER $000	1986 NOVEMBER Tons	1986 NOVEMBER $000	(1) Annual Rate YTD 1986 Tons	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31.755	2 606	6.630	363	2.203	171	66.108	91.5
Pulpwood Chips	789,382	22.006	32.573	812	102,338	4,016	744,836	-5.8
Total All Imports	16.156 209	7 255.817	1.412.473	666.703	1.646.923	800.055	16.974.478	4.5
Wood Pulp Total	4.465.746	1.520.907	371,514	144,100	467,045	182,653	4,675,993	3.9
Waste Paper	87.413	10.160	9.557	931	9.134	1.218	99.349	13.5
Other Fibrous Materials	81.430	26.949	3,390	1.273	5,749	2,040	108,052	29.1
Paper Board & Products Total	11.521.619	5 697.802	1.028.012	520.399	1.164.995	614.144	12.091.484	4.5
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,238 094	5.074.482	998.010	457.260	1.123.956	529.526	11.698.568	3.6
Paper Ppbd & Prds ex Cnst&WMB	11,105,154	5,586,077	998,074	511,263	1,133,628	604,931	11,742,708	5.4
Paper & Paperboard Only	10.821,629	4.962.757	968.072	448.124	1.092.589	520,313	11.349.792	4.4
Paper Total	10,637,428	4,906,882	942,664	439,895	1,064,259	510,981	11,073,705	3.6
Newsprint	8.496.568	3,638.716	725.686	313.373	791,043	350.056	8.720.537	2.3
Printing & Writing	1,912,867	1,116,225	191,940	111,112	243,703	142,296	2,046,578	5.5
Uncoated Groundwood	1,027,211	530.619	108.653	57.690	132,365	69,790	1.046,054	0.2
Coated Print.& Impreg. Pap.	496,072	363,855	38,530	26,566	59,441	41,790	501,134	-0.7
Uncoated Free Sheet	364,848	198.432	39,970	23.141	47.417	26,915	451,917	23.4
Uncoated Book	200,927	106.586	18,490	10,804	22,220	12,655	223,837	11.0
Writing and Similar Paper	163,921	91,846	21.480	12.337	25.197	14,259	228 080	38.7
Thin (except Cigarette)	23,712	22,276	4,705	3,632	4,419	3,746	46,765	100.1
Bristols	1,024	1.043	83	85	62	55	709	-31.8
Total Pkg & Other Paper	172,003	116,390	19,725	11,718	24,522	14,956	241,954	43.5
Unbleached Kraft Paper	63,604	23.976	10.410	3.698	11,468	4.565	114.763	84.3
Other Pkg. & Indust. Paper	108,398	92,414	9,315	8,020	13,055	10,391	127,191	19.6
Tissue	55.991	35.551	5.313	3.692	4.991	3.673	64,635	17.3
Paperboard, Total	184,201	55,875	25,408	8,229	28,330	9,331	276,087	53.0
Test or Containerboard	50,975	16.848	7.234	2.474	7.793	2.537	78.503	53.6
Semi-Chemical Corrugating	65,203	13.706	7,278	1,637	9,586	2,178	97,597	54.4
Other Paperboard	68.023	25.321	10.897	4.119	10.951	4.617	99.987	51.3
Convtd Paper&Paperbd Products	283.525	623,320	30,002	63,139	41,039	84,619	392,916	41.2
Paper Products, Total	258.934	572,316	27.805	58.869	38,142	78.286	364.015.	43.3
Paperboard Products, Total	24.592	51,004	2,197	4,270	2,897	6,333	28,901	18.6
Wet machine Board	3.270	2.585	211	151	353	339	3 309	0.4
Construction Paper & Board	413,196	109,140	29,728	8,985	31,014	8,874	345,467	-19.2
Notes								
Other: No Weight Avail. ($000)		228,219		18,470		22,173	215.269	-4.2
Total Imports Incl. Other($000)		7,484,036		685,173		822,228	7,974,168	6.0

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51,765	3,037	1,387	79	9,035	292	44,017	-16.8
Pulpwood Chips	2,116,137	168,814	237,060	15,046	222,221	15.172	2.313.085	9.6
Total All Exports	11,261,281	4,042,068	1,046,011	390,430	1,053,359	401,086	13,098,094	16.1
Wood Pulp,Total	3,791,102	1,352,708	344,447	135,409	312,106	130,377	4,417,166	15.8
Cotton Pulp and Other Pulp	107,224	71,802	13,703	5,210	9,208	4,978	156,451	48.9
Waste and Old Paper	3,285,926	349,258	313,213	38,233	327,960	39,062	3.749,072	14.2
Paper, Board & Products,Total	4,077,029	2,268,300	374,648	211,578	404,085	226,669	4,775,406	17.1
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3,586,119	1,588,157	329,454	151,204	356,943	167,090	4,255,753	18.8
Paper, Ppbd & Prod ex Cnst&WMB	4,008,221	2,228,594	366,196	207,166	395,827	221,915	4,681,414	16.7
Paper & Paperboard, Only	3.517.311	1,548.451	321,003	146.792	348,685	162.336	4.161.761	18.4
Paper, Total	779,000	594,338	70,068	53,836	82,814	57,151	872,229	11.8
Newsprint	314.385	131,379	30,309	15.476	47.541	21.335	382.508	22.8
Printing & Writing	202.826	201,845	14,843	15,302	16,622	16,529	190,321	-7.4
Uncoated Groundwood	36.779	31.727	2.590	1.943	3.472	2.633	41.059	9.4
Clay Coated Paper	82,461	65,710	6,447	4,636	6,804	5,039	78,385	-5.7
Uncoated Free Sheet	64.573	77.929	4.080	6.204	4.007	6.371	49.335	-24.8
Other Printing & Writing	19,013	26.479	1,726	2.519	2,339	2,486	21,542	11.9
Total Pkg. & Other Paper	243,671	242,909	22.786	21 103	16.751	16.998	282.227	15.7
Unbleached Kraft	67.695	29,931	7,083	2,856	4,900	2,185	79,330	14.5
Other Pkg. & Indust. Paper	175.976	212,978	15.703	18.247	11.851	14.813	202.897	16.1
Tissue	18,118	18,205	1,831	1,954	1,900	2,289	17,173	-10.0
Paperboard, Total	2,738.310	954.113	250.935	92,956	265.872	105.184	3.289,531	20.3
Solid Wood Pulp	2,492,746	872,281	225,419	84,079	247,350	97,711	2,964,100	18.6
Total Linerboard	1,807,151	480.909	161,700	50.127	174,650	57 749	2,159,350	19.5
Bleached Kraft Linerboard	130,359	45,687	9,902	4,729	10,615	4,379	140,333	6.7
Unbleached Kraft Linerbd	1.676.791	435,222	151,799	45.398	164,035	53,371	2.019.017	20.6
Other Unbleached Kraft	100.651	41,053	8,610	2,915	14,017	5,367	151,727	52.8
Other Bleached Kraft	523.091	335,026	48.417	28.921	52,284	32,589	576.275	7.6
Semi-Chemical Corrugating	61,853	15,293	6,692	2,116	6,400	2,005	76,749	32.0
Recycled Paperboard	245.564	81.833	25.516	8.477	18.521	7.474	325.431	38.7
Convtd Paper&Paperbd Products	490,910	680.143	45,193	60,374	47,142	59,579	519,653	4.6
Paper Products, Total	237.191	464,174	23.786	41.349	22.402	40.043	238,948	-0.9
Paperboard Products, Total	253,719	215,970	21,408	19,025	24,741	19,536	280,706	9.8
Wet Machine Board	13,380	6.930	1,882	869	1,681	768	19.106	51.0
Construction Paper & Board E	55,429	32,776	6,569	3,543	6,577	3,987	74,886	36.6
Notes								
Other: No Weight Avail. ($000)		6.618		579		528	7.343	14.3
Total Exports Incl. Other($000)		4,048,687		391,009		401,614	4,646,341	13.6

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	SEPTEMBER 1986	OCTOBER 1986	NOVEMBER 1986	DECEMBER 1986	Annual Rate Y T D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	293.3	292.0	297.7	299.3	300.6	300.6	294.0	0.7
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.2	294.5	299.3	300.9	302.2	302.4	296.0	0.5
Total Wood Pulp	397.2	346.6	371.5	374.7	379.2	387.4	358.4	3.4
Total Paper	302.9	303.4	308.9	310.5	312.8	313.4	306.3	1.3
Total Paper, exc. Newsprint	301.2	298.8	303.8	304.3	305.2	307.0	300.4	0.5
Newsprint	324.1	332.9	322.3	333.6	333.5	333.6	326.1	-2.1
Total Paperboard	281.5	274.6	276.8	280.9	281.7	278.7	272.3	-0.8
Total Paper and Paperboard *	296.2	294.4	298.8	301.2	303.0	302.5	295.5	0.4
Converted Products	280.7	288.1	291.8	292.8	293.7	294.1	289.3	0.4
Waste Paper	240.1	148.8	204.4	207.0	204.6	192.4	172.8	16.1
All Commodities	310.4	308.9	297.7	298.3	298.7	298.1	299.8	-2.9
Industrial Commodities	322.6	324.0	308.8	309.3	309.8	309.3	312.2	-3.6

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Continued from Page 2

These small shifts were probably more the result of capacity/demand relationships than changes in the value of the U.S. dollar in these various countries.

At present, newsprint markets appear to be quite strong. Last year newspaper publishers used an estimated 13 million tons of newsprint, 3% above the earlier high established in 1985. The API reported that domestic producers planned to increase newsprint capacity by about 100,000 tons during the 1987-1989 period, while the CPPA showed that Canadian capacity would rise by about 175,000 tons in the 1987-1988 period. There have, however, been some press announcements of new newsprint machines under consideration since publication of these Capacity Surveys.

Production of tissue paper in 1986 rose 3.3% over its year-ago total, to a new high of 5,103,000 tons. The 1986 total was equivalent to 92.6% of its reported capacity. The API survey showed that tissue capacity will rise by 7.3%, to 5,910,000 tons, from 1986 to 1989.

The packaging and industrial converting grades continued to lag the trend of the total economy during 1986. The 5,137,000 tons production total was 1.3% below its year-earlier level, which, in turn, represented a 6.4% decline from the 1984 level. The 1986 decline was centered on the packaging grades: kraft paper shipments fell by 1.7%. However, API's Kraft Paper Division is sponsoring a marketing program for grocer's sacks; shipments of total kraft paper to this market in 1986 gained 1.8%, while shipments to other end-use market groups declined.

Paperboard: The strength in paperboard production in 1986 brought the 1986 total to 35,503,000 tons, 7.5% above the 1985 total of 33,034,000 tons and 4.3% above the 1984 high. The 1986 totals confirmed the trends evident throughout 1986, showing the major gains in the containerboard grades (linerboard and corrugating medium). Total kraft linerboard production rose 8.0%, spurred by the rising demand for corrugated boxes and a 13.6% increase

Continued on Page 11

in production for export. (See lower part of table on page 3.) Production of recycled linerboard, while still a small percentage of the total, made a particularly large gain, reflecting the opening of a new recycled linerboard mill, the first in recent memory.

Total production of containerboard for domestic use rose by 7.6% from its 1985 inventory-depressed total, to a new high of 21,558,000 tons. Shipments of fibre boxes in 1986, at 284 billion sq. ft., also a record, rose 6.0% from its 1985 level. The difference in the two percentages largely reflected changes in inventory trends: inventories of containerboard at mills and plants showed a much larger decline in 1985 than in 1986. But even with the unseasonably high rate of containerboard production in December, inventories at the mills declined while the corresponding increase in inventories at boxplants still left them with a historically low 5.5 weeks of supply.

The 1986 gains in containerboard production and in box shipments were somewhat stronger than those registered in such market indicators as real GNP and non-durable goods production. Some of this additional strength may have accrued from shifts in production of packaged goods from overseas to domestic sources, reflecting the reduction in imports stemming from the declining value of the U.S. dollar.

Production of boxboard for domestic use also showed a strong gain relative to earlier trends. The total rose 4.7%, spurred by an 11.5% gain in production of solid bleached folding boxboard and a 5.6% gain in milk carton and food service board (also bleached board grades). There was a turnaround in bleached paperboard exports, which rose by 10%, to 513,000 tons, from 1985 to 1986. Production of the other paperboard grades gained 7.7%, reflecting a 10% increase in gypsum wallboard facings. Production of recycled tube, can and drum stock rose 3.5%, but this was sufficient to bring this total to a new high.

FIBROUS MATERIALS

Total wood pulp production in 1986 lagged paper and paperboard production trend, rising somewhat less than the 6%. However, production of market pulp soared upward by 11%, to about 7,570,000 short tons, equivalent to 97% of the reported capacity.

The larger part of this gain was in exports, with total market pulp exports rising 18% and the chemical paper grade market wood pulp exports rising by 20%, bringing the paper grades total to about 3,750,000 short tons. Imports of these grades rose by about 12%, so that the total new supply showed an estimated 7.5% gain.

The gains in exports of chemical paper grade market wood pulp were well distributed among all the major markets. Exports to Japan, for example, which accounted for about 20% of the total, rose by 32%. The U.K. and Western Europe received 44% of that total, with the tonnage 21% above that of 1985. Shipments of these grades of wood pulp to the domestic market, by way of contrast, showed a 6.2% gain.

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INDUSTRY TRENDS IN LATIN AMERICA

Latin America consumes about 10 million tons of paper and paperboard annually, with Brazil and Mexico accounting for more than 60% of the total. Brazil exported 543,000 metric tons of paper and board in 1985, or about 13.5% of its production. That volume was down from 1984's record 659,000 tons, or about 18% of production. If Brazil's domestic growth continues to improve as expected, future exports of paper and board will depend upon whether substantial new paper capacity is added.

Brazil's exports of chemical market pulp are significant. They amounted to 74% of production in 1984, but fell to a 58% share in 1985 as higher domestic demand for paper absorbed some of the previous fiber surplus. Waste paper usage in Brazil is very small.

Mexico has sharply curtailed paper and board imports since its 1982 economic crisis, but remains a net importer of small magnitude. However, its consumption of waste paper is large, and provides a significant market for U.S. exports. Although the volume of U.S. waste paper exports to Latin America has increased over the years, the Latin American share of our total waste paper exports has contracted.

Latin America, particularly the fruit exporting countries, is a good customer for U.S. kraft liner, although recent debt problems and slow growth have reduced the volume. Exports of U.S. kraft liner to Latin America totaled 401,000 metric tons in 1985 and accounted for 24.5% of our total kraft liner exports. Tonnages shipped to the individual Latin American countries are relatively small but they do span the entire region.

Printing and Writing grades may offer export opportunities in the future, because Mexico's capacity growth is much slower than its estimated consumption, according to FAO projections. Brazil, which was a net exporter of printing - writing grades in 1984, is expected to show a balance between production and consumption of these grades in 1995, according to the FAO Study.

Significant tonnages of U.S. market pulp are exported to Latin America, with Mexico receiving close to 70% of its needs from the U.S.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

January 30, 1987

	PRODUCTION (000 TONS)					
	Dec. 86	Nov. 86	Dec. 85	Jan. - 86 -	Dec. 85	% Change 86/85
PAPER GRADES						
Newsprint	469	473	438	5,630	5,428	3.7
Printing & Writing	1,764	1,614	1,490	19,671	18,471	6.5
Uncoated Groundwood (s)	137	134	113	1,523	1,516	0.5
Coated Paper (s)	570	535	449	6,260	5,875	6.6
Uncoated Free Sheet Paper (s)	939	838	815	10,504	9,750	7.7
Thin Paper (s)	19	16	22	240	262	-8.5
Cotton Fiber Paper (s)	14	12	11	151	144	4.7
Bleached Bristols (s)	86	80	79	993	924	7.4
Tissue Paper	454	423	410	5,096	4,941	3.1
Total Pkg & Other Paper	435	417	402	5,137	5,202	-1.3
Unbleached Kraft Packaging & Indl. Converting (s)	272	263	264	3,340	3,403	-1.8
Other Paper *	164	154	138	1,796	1,799	-0.1
TOTAL PAPER	3,123	2,926	2,740	35,534	34,042	4.4
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1,511	1,457	1,292	17,694	16,368	8.1
Unbleached Kraft Linerboard	1,394	1,381	1,207	16,390	15,183	8.0
Other Unbl. Kraft Paperboard	117	76	85	1,304	1,184	10.1
Semichemical Paperboard	458	454	404	5,373	5,088	5.6
Bleached Paperboard	368	348	324	4,293	3,948	8.7
Recycled Paperboard	719	691	606	8,143	7,630	6.7
TOTAL PAPERBOARD	3,057	2,950	2,626	35,503	33,034	7.5
TOTAL PAPER AND PAPERBOARD	6,180	5,877	5,367	71,036	67,076	5.9

WOOD PULP (ALL GRADES)	Nov. 1986	Oct. 1986	Nov. 1985	Jan. - 1986	Nov. 1985	% Change 86/85
Dissolving & Special Alpha	95	98	97	1,136	1,081	5.1
Bleached Sulfite	112	115	112	1,287	1,254	2.6
Unbleached Sulfite	13	14	16	151	181	-16.6
Bleached & Semi-Bl. Sulfate	2,053	2,050	1,922	22,069	20,656	6.8
Unbleached Sulfate	1,696	1,773	1,599	18,970	17,932	5.8
Semichemical	345	350	333	3,795	3,699	2.6
Groundwood & Thermomechanical	467	482	421	5,085	4,843	5.0
TOTAL PULP DIVISION DATA	4,781	4,881	4,499	52,493	49,645	5.7

(s) - Shipments
P - Preliminary
R - Revised

January 30, 1987

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	October	November	December	1986	
Total Production (API)........ excluding :...	68,487	67 076	6.173	5 947	5 947	71 037	5.9
Total Seasonally Adjusted....:construction:...			5,944	6,025	6,025	71,160	5.9
Imports (including Products).: and wet :..E	10,576	11,106	998	1.134	1 065	11.829	6.5
Exports (including Products).: machine :..E	4,309	4,009	366	393	380	4,668	16.5
Apparent Consumption.........: grades :...	74,754 a	74,173 b	6.582	6.754	7 124	78 380 c	5 5
Paper Production % Tonnage Capacity...........	93 g	89 g	95	92	90	93.3 gh	
Paperboard Production % Tonnage Capacity......	95 g	89 g	94	94	91	94.6 g	-
			September	October	November		
IMPORTS......:Including Construction and :...	11,075	11,521	961	1,028	1.165	12,091	4.5
EXPORTS...... WMB Grades (excl. HPB) ...	4,387	4,077	397	375	404	4 776	17.1
			September	October	November		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6.897	6,800	627	593	651	7,508	10.2
TOTAL WOOD PULP PRODUCTION - Tons (000).........	55.470	54.141	4.671	4,880	4.781	57.255	5.5
WOOD PULP IMPORTS - TONS (000)..................	4,490	4,466	379	372	467	4,677	3.9
WOOD PULP EXPORTS - TONS (000)..................	3,594	3,791	457	344	312	4 417	15.8
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			September	October	November		
Wood Pulp.............:consumption for:.....	54,562	53,297	4,561	4,786	4,735	55,862	4.6
Waste Paper...........:construction & :.....	15,926	15.290	1,380	1,419	1 398	16.625	8.2
TOTAL..........: WMB grades :.....	70,488	68,584	5,941	6,207	6,133	72,487	5.4
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87.646	85.744	7.362	7 779	7.681	91.243	6.[illegible]
EMPLOYMENT (000)			October	November	December		
Paper and Allied Products..........Total......	682	683	694	696	698	690	1.0
Pulp, Paper and Board Mills........Total.....E	257.2	253.5	251.6	252.3	253.2	252.2	-0.5
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.......................	10.44	10.82	11.20	11.18	11.24	11.14	2.9
Pulp, Paper Mills...........................E	12.45	13.11	13.78	13.82	13.82	13.59	3.6
Paperboard Mills............................E	12.99	13.60	14.23	14.05	14.10	14.01	3.0
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q2	1986 Q3	1986 Q4		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.59	9.02	8.68	9.19	8.89y	3.5
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			October	November	December		
:IN PULP, PAPER :...Production Workers..........	125.5	125.2	134.8	137.4	146.2	134 8	7.6
:AND BOARD MILLS:...All Employees...............	123.9	125.7	133.9	136.7	145.2	134.3	6.8
PAPER AND ALLIED PRODUCTS (Million $)			September	October	November		
Industry Shipments (Dept. of Commerce)*.........	95,990	97,664	9,515	9,397	9,583	108,864	11.3
Pulp, Paper and Paperboard*...................	41,539	41,830	4,077	4,086	4.047	46 171	10.6
Inventories (End of Period) - Total Industry*..	9,701	9,728	10,065	9,962	10,016	10,016	3.7
Pulp. Paper and Paperboard*.................	3,662	3.800	3,906	3,917	3,962	3 962	7.0
			1986 Q1	1986 Q2	1986 Q3		
Sales (Corporations Only)......................	71,891	71,465	17,575	0	18,904	73,265	2.2
Earnings (Corporations Only)...................	3,015	2,880	589	0	8[illegible]4	3 113	6.9
Depreciation (Corporations Only)...............	2,798	3,099	820	0	843	3,343	7.9
Net Worth (Corporations Only)..................	28.160	29.694	30,033	0	31,075	31,075	5.1
PRICE INDEXES (Bureau of Labor Stats)1967=100			October	November	December		
Pulp, Paper & Products, ex. Building Grades....	293.3	292.0	299.3	300.6	300.6	294.0	0.7
Wood Pulp......................................	397.2	346.6	374.7	379.2	367.4	358.3	3.4
Waste Paper....................................	240.1	148.8	207.0	204.6	192.4	172.8	16.1
Paper..	302.9	303.4	310.5	312.8	313.4	306.3	1.0
Paperboard.....................................	281.5	274.6	280.9	281.7	278.7	272.2	-0.9
PAPER DEMAND (INDEXED: 1977=100)			October	November	December		
Total Paper Production *.......................	124.1	123.0	129.7	129.0	134.2	128.4	4.4
Paper New Supply *.............................	127.7	128.8	136.1	139.7	142.0	134.7	4.5
Demand Indicators - (Weighted Average) *.....	136.7	141.6	151.7	151.7	152.5	148.8	5.1
Production of Nondurable Goods *...(21.2%).	122.5	125.3	132.3	133.1	133.8	130.9	4.5
Disposable Income ....*.(23.9%)	124.0	126.8	131.4	131.2	132.0	131.4	3.6
Total Printing and Publishing *...(54.9%).	147.8	154.3	168.0	167.8	168.6	163.4	5.8
Trend Factor				Not Available			
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *................	117.3	114.3	122.5	123.4	138.4	122.9	7.5
Production for Domestic Use	115.2	112.8	121 2	120.5	136.8	120.8	7.1
Demand Indicators - (Weighted Average) *.....	118.3	120.1	122.2	123.2	124.0	122.1	1.7
Production of Consumer Goods *...(62.06%)	118.2	120.5	124.9	125.8	126.9	124.5	3.3
Production of Equipment *...(5.75%)	140.5	146.4	143.1	143.5	143.9	143.0	-2.3
Production of Materials *...(32.19%)	114.6	114.5	113.4	114.5	114.7	113.9	-0.6
Trend Factor				Not Available			
NEWSPRINT MARKETS			September	October	November		
Consumption by Publishers - Tons (000).........	12,602	12,773	1,101	1,197	1,192	13.141	3.4
Newspaper Pub. and Printing Empl. Total(000)...	443	454	462	464	466	461	1.9
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)...........	157,798	155,545	14.635	14,901	15,781	151.916	-1.8
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper. Sales	31,876	34,635	3.231	3.504	3.035	38.235	10.6
Inventories (End of Period).	2,724	3,155	3,100	3,179	3,185	3,185	3.7
FIBRE BOX DATA (Fibre Box Association)			October	November	December		
Fibre Box Shipments (Million square feet).......	267,549	267,451	27,225	21,488	22,030	283,620	6.0
Container'bd Inventory at Mill & Plant(000Tons).	2 882	2.549	2,181	2,138	2,186	2.186	-14.2
RETAIL TRADE (Million $)			September	October	November		
Total Retail Sales *...........................	1.289.987	1,372,853	128 003	121,655	120.937	1,438,369	5.0
Nondurable Goods Stores Sales *..............	825,290	859,316	73,487	73,976	74,231	881,390	2.7
GENERAL ECONOMIC DATA			October	November	December		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.2	125.3	126.0	126.6	125.1	0.7
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	310.3	308.7	298.3	298.7	298.1	299.8	-2.9
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	330.5	330.8	331.1	328.4	1.9
			September	October	December		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	588.9	593.7	597.5	597.5	11.3
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q2	1986 Q3	1986 Q4		
G.N.P. or Expenditure - Current $..............	3765.0	3998.1	4175.6	4240.7	4268.4	4208.5	5.3
G.N.P. or Expenditure - 1982 $.................	3489.9	3585.2	3661.4	3686.4	3702.4	3676.5	2.5

lb/capita

	Pap&Papbd		Othr		Totl	Popul(mil)
.a -	631	+	19	=	650	237.0
.b -	620	+	18	=	638	239.3
.c -	642	+	17	=	659	241.5

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data: standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.

3/19/87 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 2 **FEBRUARY 1987**

PAPER AND PAPERBOARD PRODUCTION -- JANUARY 1987 CONTINUES ALONG RECORD HIGH TRACK

The rate of paper and paperboard production in January and February 1987 continued along the record growth track it has been following since mid-1985. At a seasonally adjusted rate of 73.4 million tons per year, the January 1987 rate just about matched the fourth quarter 1986 average and was 4.4% above its year-ago level. Some of the strength in the fourth quarter of 1986 reflected a change in labor contracts which permitted many mills to remain open during the last two weeks of the year. The seasonal factor used to compute the December 1986 rate was based on the established industry average of about 2 days shutdown for paper and 3 days for paperboard, so that the calculated seasonally adjusted rate overstated the industry's trend position for that month.

Paperboard: While production of paper and paperboard are each running at record high levels, paperboard appears to be following a somewhat steeper growth trend. Paperboard operating rates in the first 6 or 7 weeks of 1987 averaged about 97%, compared to 94% for paper.

The strength in paperboard demand is fairly well distributed among the major market sectors: containerboard and boxboard production for domestic use, and exports (see table on page 3).

The strength in demand for containerboard reflects the heavy demand for corrugated shipping containers. Data for January 1987 indicate that the seasonally adjusted rate of box shipments continued at the record high rate of the last quarter of 1986 (see Industry Data accompanying this report). Production of containerboard for domestic use in January was also helped by an increase in inventory at mills and plants, but even with this increase the level of inventories was equivalent to only 5.4 weeks of supply, which is at the low side of its historical range. This strong demand for these containers bodes well for future production in that consumers - manufacturers of consumers non-durable goods, appliances, and a wide range of packaged industrial products - generally buy these containers a month before their actual use.

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The strong performance in boxboard production reflects a rising trend of demand for folding boxboard, milk cartons and food container stock, a result of relatively high levels of production of consumer non-durable goods -- its major market -- and renewed growth in use of paperboard cartons within these markets.

Paper: Production of paper also continued at the record high rates of the last half of 1986. At a seasonally adjusted rate of 35.9 million tons per year, production was 2.1% ahead of its year-ago level.

For the most part, the gains were in those areas that had been strong during 1986. Specifically, newsprint production gained 6%, coated papers 9%, while uncoated free sheet papers, at 10.7 million tons per year, held close to its year-ago level. Production of specialty and industrial papers in early 1987 showed an unusually sharp gain, rising 14% over its year ago level.

SUPPLY-DEMAND TRENDS

Although the economy turned in a moderate performance last year -- real GNP advanced just 2.5% -- the story with respect to paper was upbeat. Overall production of paper and paperboard, as noted above, grew 6% while new supply (production plus imports less exports) expanded 5.7%, to a record high of 78 million tons. The previous high was set in 1984 at 74.7 million tons.

The growth in paper and paperboard new supply last year lagged that of production because of the stronger growth in exports -- 730,000 tons -- compared to that of imports -- 492,000 tons. The trend in new supply throughout 1986 was upward, with the seasonally adjusted annual rate reaching 80 million tons per year in the fourth quarter. The fourth quarter 1986 rate was 1.6% above that of the third quarter and 6.8% above its year-ago level.

Demand for paper and paperboard usually exhibits a procyclical pattern, meaning that the ratio of new supply to real GNP tends to increase when the economy is expanding briskly and lose ground when the economy slows. However, last year was an exception. Although the economy performed sluggishly, new supply of paper and paperboard grew faster than real GNP the new supply/real GNP ratio increased 2.5% from its depressed 1985 level and moved up to its 1984 peak (see table on bottom of page 10).

Part of last year's strong new supply performance reflected changes in inventory trends. For example, printers reduced inventories during most of 1985, but began rebuilding them again in 1986. Containerboard inventories at mills and box plants showed a moderate decline during 1986, following a much sharper fall in 1985. In 1984, by way of contrast, new supply of paper and paperboard was supported by strong increases in inventories.

Among the paper grade categories, the stongest growth in 1986 was in

Continued on page 11

PAPER AND PAPERBOARD STATISTICS

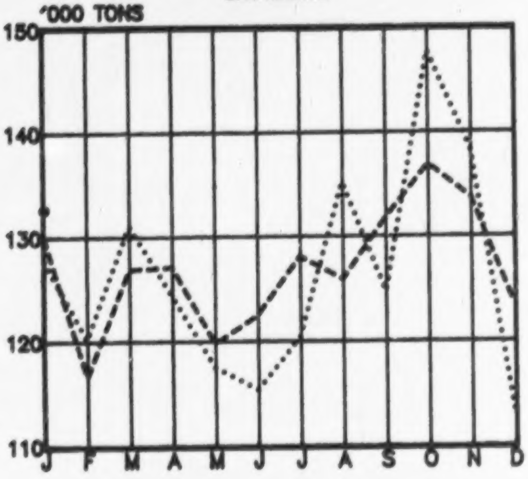
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR		OCT	NOV	DEC	JAN	Annual Rate Y-T D	% Change From same Period
	1985	1986	1986	1986	1986 (R)	1987 (P)	1987	Last Year
PAPER								
Newsprint - Production	5,428	5 630	469	473	472	490	5.884	5 9
- Shipments	5,417	5,638	481	470	484	471	5,650	10.4
Printing & Writing sum	18.471	19.671	1,764	1.614	1,653	1,707	20.489	2.9
Groundwood Paper - Shipments	1,516	1,523	137	134	124	134	1,613	3.4
- New Orders	1,477	1,548	130	132	122	139	1.674	-0.3
-Unfilled Orders	106	131	132	129	131	125	125	9.1
Coated Papers - Shipments	5.875	6,260	570	535	540	566	6.793	8.7
- New Orders	5,642	6,275	555	507	515	555	6,658	0.5
- Unfilled Orders	393	399	458	434	399	495	495	22.6
Unctd Free Sheet - Shipments	9,750	10,504	939	838	881	893	10,717	0.3
- New Orders	9,704	10,528	922	839	856	864	10.367	-3.8
- Unfilled Orders	509	534	557	554	534	587	587	13.6
Thin Papers - Shipments	262	240	19	16	18	20	241	-16.0
Cotton Fiber Paper - Shipments	144	151	14	12	12	13	159	2.9
Bleached Bristols - Production	924	993	86	80	78	81	966	-1.3
Tissue Paper - Production	4,941	5,083	454	423	410	412	4,938	-5.0
Total Packaging & Other Paper	5,202	5,137	435	417	424	446	5.350	2.2
Unbl. Kraft Paper - Shipments	3,403	3,340	272	263	275	280	3,356	-3.8
Other Paper - Production	1,799	1,796	164	154	149	166	1,993	14.2
TOTAL PAPER-Production-Unadj.	34,042	35,520	3,123	2,926	2,959	3,055	36,660	2.1
-Production-S.A.			2,994	2.977	3.085	2,995	35 941	2.1
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	25,404	27.359	2,338	2,260	2.334	2,408	28 897	6 9
Total Unbl. Kraft Paperboard	16,368	17,694	1,511	1,457	1,531	1,546	18,548	5.8
Unbl. Kraft Linerboard (1)	15,183	16,390	1,394	1,381	1,434	1,443	17.313	6.6
Production for Export	1,830	2,079	153	180	184	172	2,062	-0.4
Other Unbl. Kraft Paperboard	1,184	1,304	117	76	97	103	1.235	-4.4
Semichemical Paperboard	5,088	5,373	458	454	438	481	5,777	10.4
Production for Export	189	212	17	26	19	16	189	-13.3
Solid Bleached Paperboard	3,948	4,293	368	348	365	381	4,572	7.4
Production for Export	466	513	44	43	44	47	565	50.1
Recycled Paperboard	7,630	8,143	719	691	625	735	8,822	6.2
Production for Export	26	25	3	2	1	2	25	-24.9
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35.503	3,057	2,950	2,959	3,143	37.719	6.8
- Containerboard Prod.(Dom. Use)	20 042	21,558	1,862	1,813	1.838	1.913	22.955	8 0
- Boxboard Prod.(Dom. Use) (2)	5,673	5,938	518	480	478	552	6,628	8.4
- All Other P'bd Prod.(D.U.) (2).	4.808	5.180	461	406	395	441	5 295	0 7
- Total Paperbd Prod. for Export	2.511	2,827	217	252	248	237	2,841	5.3
TOTAL PAPERBOARD PROD.- S.A.			2,957	2,977	3.340	3.121	37.457	6 8
TOTAL PAPER AND PAPERBOARD								
Production - actual	67.076	71,023	6.180	5.877	5.917	6.198	74,379	4.4
Production - S.A.			5,950	5,954	6,425	6,116	73,397	4.4

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

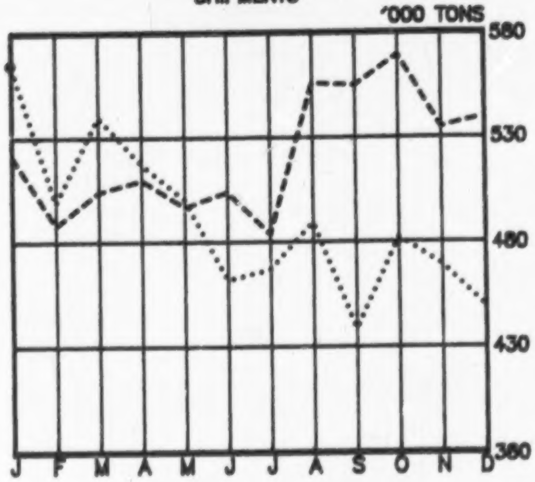
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



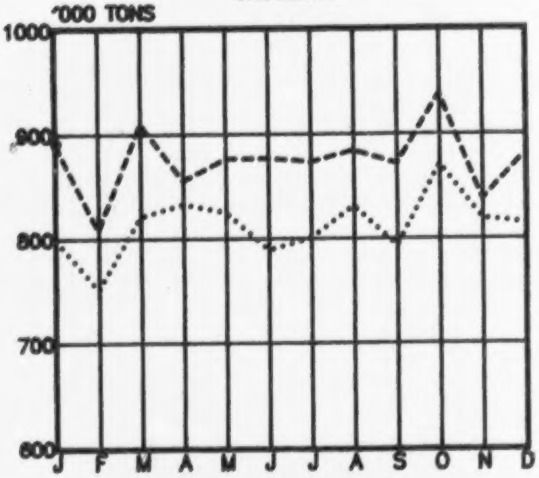
COATED PAPER

SHIPMENTS



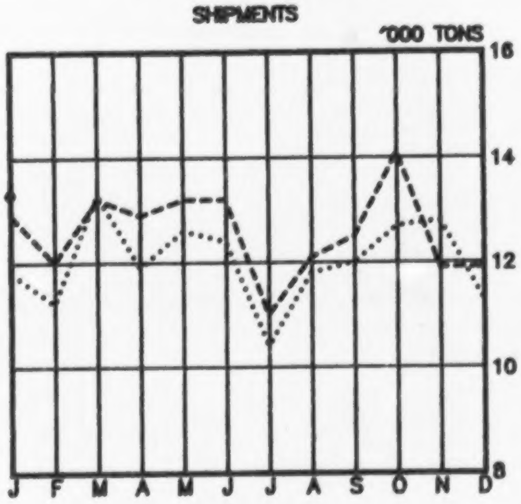
UNCOATED FREE SHEET PAPERS

SHIPMENTS



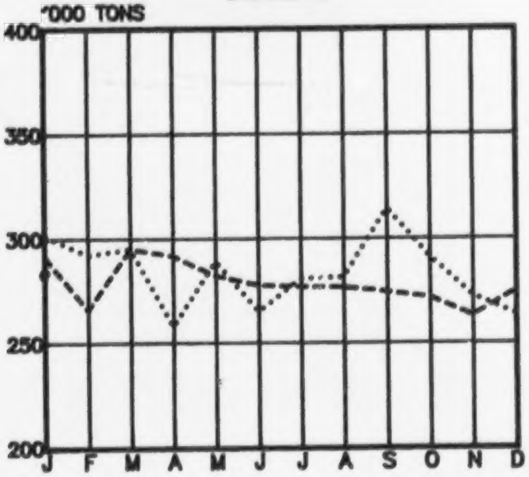
COTTON FIBER PAPER

SHIPMENTS



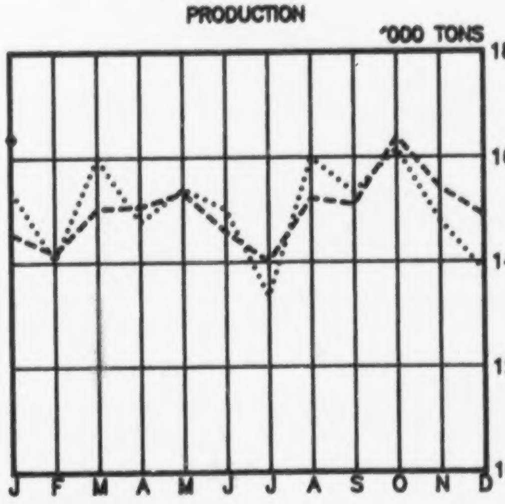
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1985 .... 1986 ----- 1987 —●—

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR							
		1984	1985	SEPTEMBER 1986	OCTOBER 1986	NOVEMBER 1986	DECEMBER 1986	Annual Rate Y-T D 1986	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	55.470	54,141	4.662	4 871	4.757	4.901	57 252	5 7
	- Imports	4,490	4,466	379	372	467	295	4,582	2.6
	- Exports	3.594	3,791	457	344	312	409	4.458	17.6
	- New Supply	56,367	54,816	4,584	4.898	4,912	4,787	57,375	4.7
Dissolving Pulp	- Production	1,206	1,174	104	98	95	122	1.258	7.2
	- Imports	161	175	24	23	19	18	255	45.5
	- Exports	595	631	83	61	53	66	711	12.7
	- New Supply	772	718	45	60	60	74	801	11.6
Paper Grades Chemical Pulp	- Production	44,690	43,690	3,763	3,942	3.854	3 972	46.316	6.0
	- Imports	4,023	4,104	343	342	443	271	4,220	2.8
	- Exports	2,945	3.131	370	279	252	340	3.689	17.8
	- New Supply	45,767	44,662	3,736	4.006	4,046	3.902	46,847	4.9
Groundwood and Thermo-Mech.	- Production	5.506	5.251	457	481	464	470	5.545	5 6
	- Imports	306	187	12	7	5	7	108	-42.6
	- Exports	54	29	4	5	7	2	59	102.2
	- New Supply	5,758	5,409	464	483	461	474	5.594	3.4
Semi-Chemical	Production	4,069	4,027	338	350	345	338	4.133	2.6
	- Imports								
	- Exports								
	- New Supply	4,069	4.027	338	350	345	338	4.133	2.6
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6.898	6,800	627	590	647	692	7 571	11 3
	- Imports	2,968	2,791	270	261	245	213	3,048	9.2
	- Exports	3,511	3.784	404	328	295	481	4.472	18.2
	- New Supply	6,355	5.807	492	523	597	424	6,147	5.8
Dissolving Pulp	- Production	1,205	1,171	104	95	95	122	1,249	6.6
	- Imports	204	174	21	16	13	18	212	21.7
	- Exports	690	666	69	52	49	84	718	7.7
	- New Supply	718	679	56	59	58	56	743	9.4
Paper Grades Chemical Pulp	- Production	5,680	5,605	522	494	552	570	6.312	12.6
	- Imports	2,664	2,531	241	241	229	192	[illegible],754	8.8
	- Exports	2,821	3,117	335	276	246	398	3 754	20.5
	- New Supply	5,523	5,019	428	459	535	365	5,311	5.8
Groundwood Pulp and All Other	- Production	14	24	1	1	1	0	10	-58.8
	- Imports	100	86	7	4	2	4	83	-3.7
	- Exports	1	1	0	0	0	0	0	0.0
	- New Supply	114	109	9	5	4	4	93	-14.9

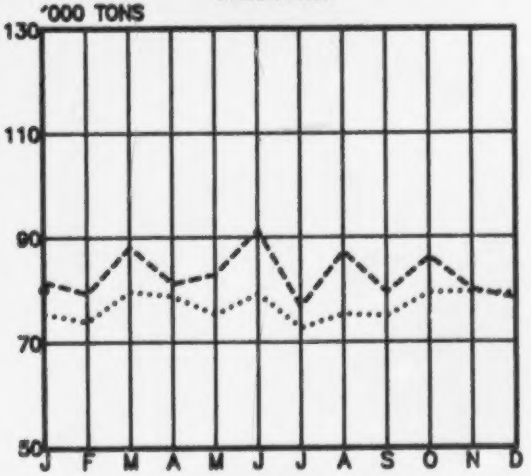
SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS
(Thousands of tons)

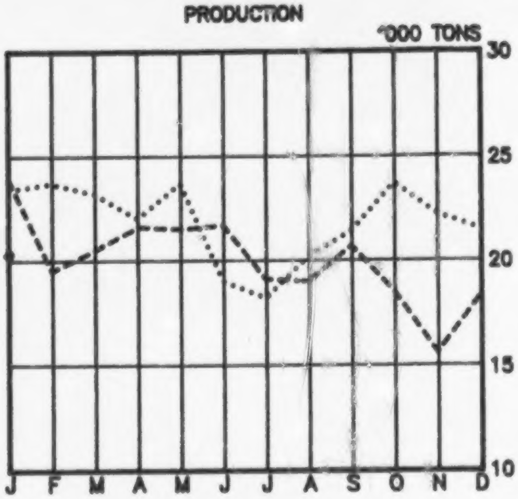
	1984	1985	SEPTEMBER 1986	OCTOBER 1986	NOVEMBER 1986	DECEMBER 1986	Annual Rate Y-T D 1986	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	70,488	68.561	5.941	6.206	6.118	5 982	72.413	5.6
Total Wood Pulp	54,562	53,274	4,561	4,786	4,720	4,643	55,834	4.8
Waste Paper	15.926	15,[illegible]	1,380	1,419	1.398	1,339	16 579	8.5
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	186	176	175	166	166	1.0
Producers' Market Inventories	585	486	303	292	353	282	282	-41.9
Consumers' Purchased Inventories	545	492	558	527	538	0	0	-100.0
Waste Paper at Paper & Bd. Mills	1,053	967	877	948	893	948	948	-1.9
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	17	16	21	16	16	-46.7

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

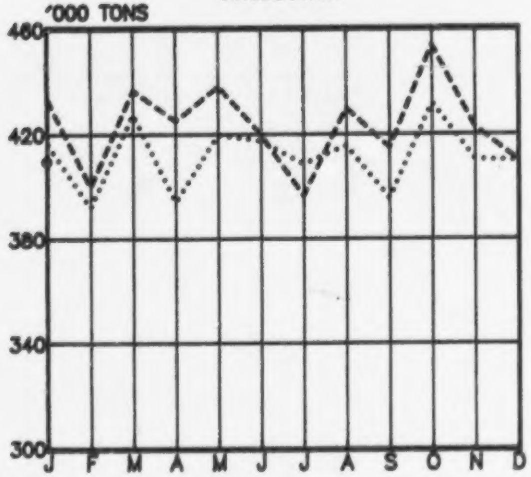
BLEACHED BRISTOLS
PRODUCTION



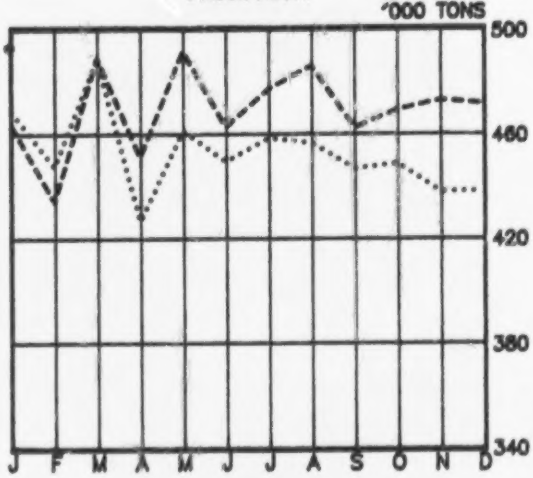
THIN PAPER
PRODUCTION



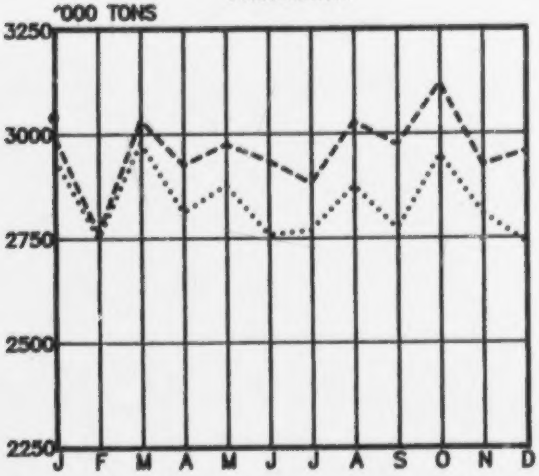
TISSUE PAPER
PRODUCTION



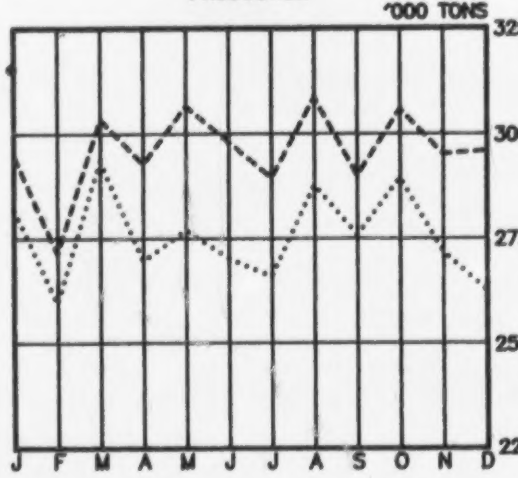
NEWSPRINT
PRODUCTION



TOTAL PAPER
PRODUCTION



TOTAL PAPERBOARD
PRODUCTION



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FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

PULPWOOD		YEAR 1984	YEAR 1985	SEPTEMBER 1986	OCTOBER 1986	NOVEMBER 1986	DECEMBER 1986	Annual Rate Y T D 1986	% Change from Same Period Last Year
Total U S	Total Receipts	88876	85499	7493	8247	7228	7639	90943	6 4
	- Total Consumpt	87646	85744	7362	7779	7681	7795	91434	6.6
	Residues *	32072	30464	2642	3068	2478	2562	32755	7 5
	- Inventories	5574	5046	4970	5501	4909	4794	4794	-5.0
So Atlantic	- Total Receipts	27654	27589	2436	2594	2349	2516	29513	7 0
	- Total Consumpt	27344	27815	2372	2465	2419	2537	29425	5.8
	Residues *	8198	7970	755	889	763	760	9343	17 2
	- Inventories	1444	1117	1037	1187	1060	994	994	-11.0
Northeast	- Total Receipts	7665	7430	589	688	592	636	7277	-2 1
	- Total Consumpt	7474	7394	533	637	586	599	7227	-2.3
	Residues *	1501	1539	118	136	112	106	1419	-7 8
	- Inventories	590	544	411	447	447	484	484	-11.0
South Central	- Total Receipts	30693	29786	2694	2785	2572	2685	31790	6 7
	- Total Consumpt	30502	29914	2612	2610	2785	2806	32113	7.4
	Residues *	9059	9207	834	882	788	834	9792	6 4
	- Inventories	1304	1198	1107	1288	1051	926	926	-22.7
North Central	- Total Receipts	6872	6430	522	631	515	595	6571	2.2
	- Total Consumpt	6563	6296	557	549	576	559	6730	6 9
	- Residues *	1472	1290	88	97	75	87	1042	-19 2
	- Inventories	906	884	818	868	820	892	892	0.9
West	- Total Receipts	15992	14264	1252	1549	1196	1207	15792	10.7
	- Total Consumpt	15763	14325	1288	1518	1315	1294	15939	11.3
	- Residues *	11842	10450	847	1064	740	775	11159	6.7
	- Inventories	1330	1303	1597	1711	1531	1498	1498	15.0

* Consumption of Residues in Cord Equivalence SOURCE American Pulpwood Association 24 Feb 87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	NOVEMBER Tons	1986 $000's	DECEMBER Tons	1986 $000's	Annual Rate Y T D 1986	% Change from Same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21.604	2.462	2,073	160	121	24	59.490	175 4
Pulpwood chips	788.486	21.955	102,267	4.010	42,021	986	723,257	-8.3
Wood Pulp, Total	4.020.736	1,385 871	396.571	156 731	257 370	99 832	3.949 414	-1 8
Waste Fibrous Materials, Total	144.564	26 371	13.620	2,460	10.375	1,561	157,870	9.2
Paper, Board & Products Total	9.734.523	4 306 694	943.369	436 673	711.778	328 738	9 963 486	2 4
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9.640.776	4 164.985	930 636	417 808	703 753	316 058	9 842 154	2 1
Paper Paperboard & Products	9,380.235	4.215 314	921,889	432,215	698,331	324.921	9.715.710	3.6
Paper & Paperboard, Only	9 286 488	4.073.606	909.156	411.462	690 306	312 241	9 594 378	3 3
Paper, Total	9,132,128	4.030.872	887,168	405,014	672.495	307,198	9,367,380	2.6
Newsprint	8 117.986	3 496 944	767 032	340 684	578 093	257 738	8 269 333	1 9
Printing, Writing & Rel. Pap.	841.500	435,561	97,202	52,634	76,260	40,079	868.628	3.2
Pack. & Ind. Conv. Paper	124,100	64 640	17 871	8.085	13 925	6 089	182 481	47.0
Special Industrial Paper	3.463	5.393	388	662	615	1,073	4,766	37.6
Tissue Paper	45.081	28 334	4.674	2.950	3.603	2 219	42.173	-6.5
Paperboard, Total	154,360	42.734	21,988	6.448	17,810	5,043	226.998	47.1
Convtd Paper&Paperbd Products	93.747	141.708	12,733	20.753	8 025	12 680	121.332	29.4
Wet Machine Board	2,184	1.481	314	212	139	96	2,332	6.8
Construction Paper & Board	352.104	89 898	21,166	6 134	13.308	3 721	245 444	-30.3

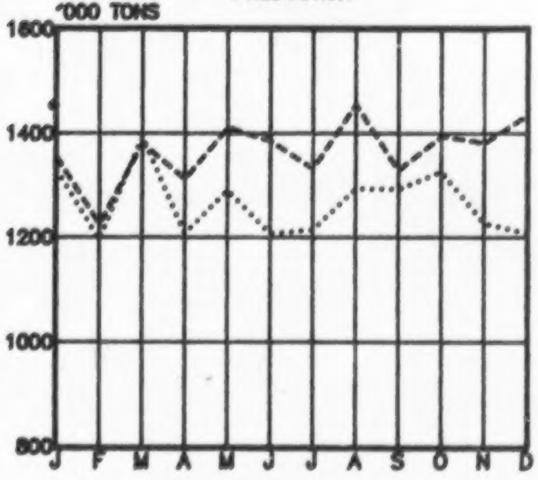
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49 611	2 925	9 035	292	1 841	109	39 191	-21 0
Pulpwood chips	82.626	4.780	57 583	2,811	42,560	2,312	262 844	218.1
Wood Pulp Total	203 934	79 541	21.294	6 310	19 638	6 290	262 353	28.6
Cotton Pulp & Other Pulp	15 083	6 252	3,855	1.186	2,996	813	33,629	123.0
Waste Paper	209.087	23 249	20 048	2 016	24 588	2 230	226 215	8 2
Paper, Board & Products, Total	736.140	485.290	59,224	38,846	62 385	39,267	846,141	14 9
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579 768	333 614	46 003	26 506	49 656	26 986	691 355	19.2
Paper, Paperboard & Products	710 785	473.839	56.388	37.526	60,341	38,191	816,282	14.8
Paper & Paperboard, Only	554.413	322 162	43 167	25 187	47 612	25 910	661 496	19 3
Paper Total	271 754	223.971	19,597	16.376	26,368	16.963	278 911	2.6
Newsprint	3.757	3.276	443	447	1 078	808	6 040	60 8
Printing, Writing & Rel. Pap.	133,800	118,625	10,742	8,482	10,392	7.963	121,167	-9.4
Pack. & Ind. Conv. Paper	41.327	23.536	2,143	1.463	1 701	1.115	25 614	-38.0
Special Industrial Paper	90.071	74,893	5,944	5,675	13,052	6.830	122 874	36.4
Tissue Paper	2.799	3 641	326	308	144	248	3 217	14 9
Paperboard, Total	282.658	98,191	23,570	8,811	21,244	8.948	382 584	35.4
Convtd Paper&Paperbd Products	156 372	151.676	13.221	12,339	12.729	12.280	154.786	-1 0
Wet Machine Board	5.786	4.243	1,015	535	894	514	10,728	85.4
Construction Paper & Board	19.570	7.209	1,820	785	1,150	562	19.132	-2 2

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 24-Feb-87

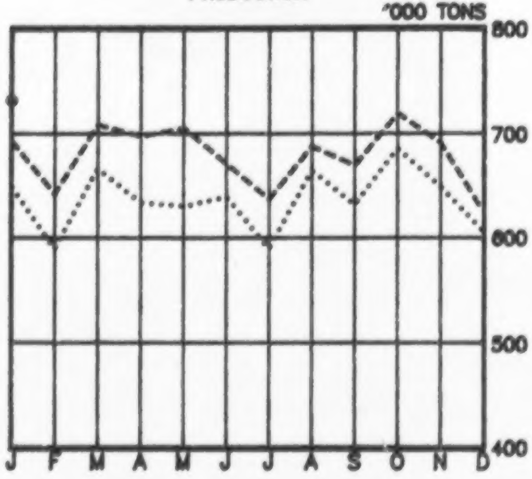
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



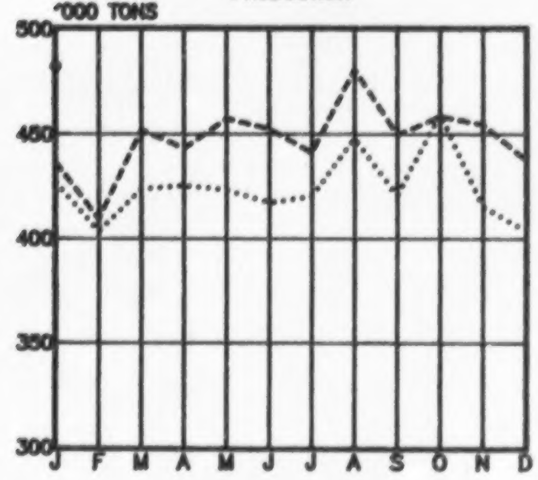
RECYCLED PAPERBOARD

PRODUCTION



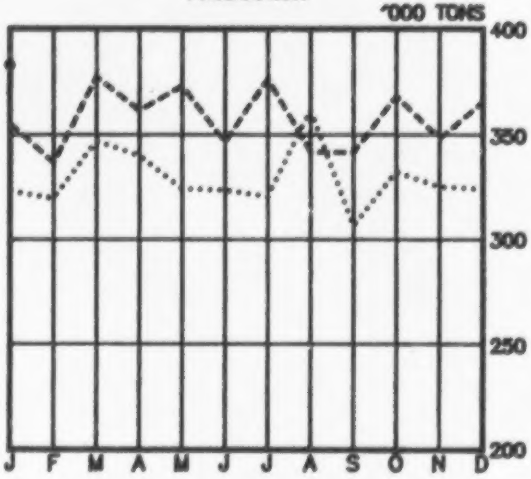
SEMICHEMICAL PAPERBOARD

PRODUCTION



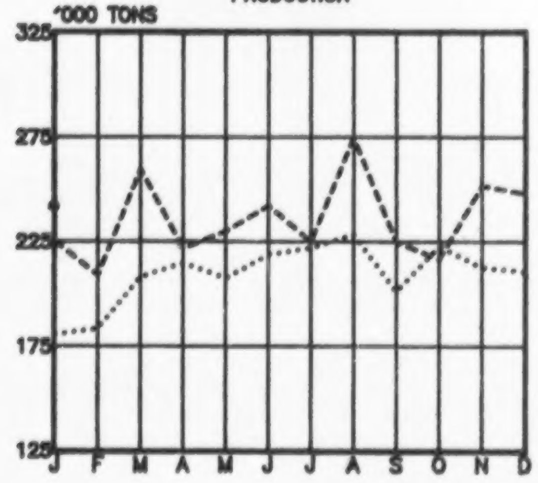
SOLID BLEACHED PAPERBOARD

PRODUCTION



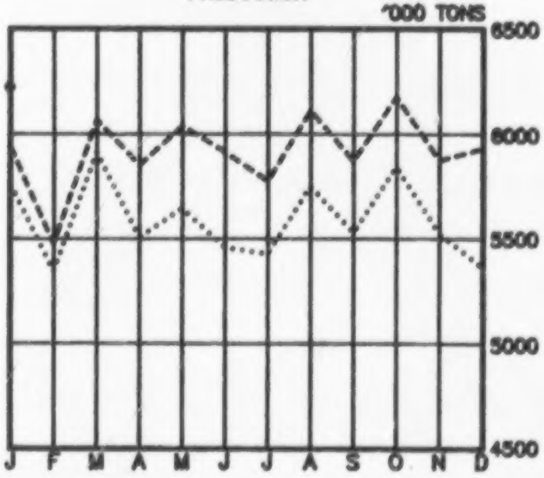
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ········ 1986 -----1987 —•—

IMPORTS

	YEAR 1985 Tons	1985 $000	1986 NOVEMBER Tons	1986 NOVEMBER $000	1986 DECEMBER Tons	1986 DECEMBER $000	(1) Annual Rate YTD 1986 Tons	% Change from Same Period Last Year
Pulpwood Roundwood (cords)	31,755	2,606	2,203	171	251	36	60,850	91.6
Pulpwood Chips	789,382	22,006	102,338	4,016	42,062	992	724,828	-8.2
Total All Imports	16,156,209	7,255,817	1,646,923	800,055	1,162,189	562,413	16,722,494	3.5
Wood Pulp Total	4,465,746	1,520,907	467,045	182,653	295,433	115,108	4,581,760	2.6
Waste Paper	87,413	10,160	9,134	1,218	8,243	1,009	99,313	13.6
Other Fibrous Materials	81,430	26,949	5,749	2,040	5,921	1,303	104,969	28.9
Paper Board & Products Total	11,521,619	5,697,802	1,164,995	614,144	852,592	444,993	11,936,452	3.6
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,238,094	5,074,482	1,123,956	529,526	822,857	386,624	11,546,545	2.7
Paper Ppbd & Prds ex Cnst&WMB	11,105,154	5,586,077	1,133,628	604,931	832,659	439,049	11,596,808	4.4
Paper & Paperboard Only	10,821,629	4,962,757	1,092,589	520,313	802,925	380,680	11,206,901	3.6
Paper Total	10,637,428	4,906,882	1,064,259	510,981	774,557	371,466	10,925,453	2.7
Newsprint	8,496,568	3,638,716	791,043	350,056	593,681	263,726	8,587,507	1.1
Printing & Writing	1,912,867	1,116,225	243,703	142,296	153,273	89,806	2,029,302	6.1
Uncoated Groundwood	1,027,211	530,619	132,365	69,790	69,349	34,393	1,028,231	0.1
Coated Print.& Impreg. Pap.	496,072	363,855	59,441	41,790	42,010	30,213	501,382	1.1
Uncoated Free Sheet	364,848	198,432	47,417	26,915	39,381	22,963	453,638	24.3
Uncoated Book	200,927	106,586	22,220	12,655	18,614	10,551	223,798	11.4
Writing and Similar Paper	163,921	91,846	25,197	14,259	20,767	12,412	229,841	40.2
Thin (except Cigarette)	23,712	22,276	4,419	3,746	2,484	2,180	45,351	91.3
Bristols	1,024	1,043	62	55	50	59	700	-31.6
Total Pkg & Other Paper	172,003	116,390	24,522	14,956	20,779	13,261	242,571	41.0
Unbleached Kraft Paper	63,604	23,976	11,468	4,565	9,809	3,817	115,008	80.8
Other Pkg. & Indust. Paper	108,398	92,414	13,055	10,391	10,971	9,445	127,562	17.7
Tissue	55,991	35,551	4,991	3,673	6,824	4,672	66,073	18.0
Paperboard, Total	184,201	55,875	28,330	9,331	28,368	9,214	281,448	52.8
Test or Containerboard	50,975	16,848	7,793	2,537	6,101	2,019	78,063	53.1
Semi-Chemical Corrugating	65,203	13,706	9,586	2,178	9,598	2,309	99,062	51.9
Other Paperboard	68,023	25,321	10,951	4,617	12,669	4,887	104,324	53.4
Convtd Paper&Paperbd Products	283,525	623,320	41,039	84,619	29,734	58,369	389,907	37.5
Paper Products, Total	258,934	572,316	38,142	78,286	27,837	54,578	361,517	39.6
Paperboard Products, Total	24,592	51,004	2,897	6,333	1,897	3,791	28,390	15.4
Wet machine Board	3,270	2,585	353	339	202	174	3,235	-1.1
Construction Paper & Board	413,196	109,140	31,014	8,874	19,730	5,770	336,409	-18.6
Notes								
Other: No Weight Avail. ($000)		228,219		22,173		15,007	212,338	-7.0
Total Imports Incl. Other($000)		7,484,036		822,228		577,420	7,887,074	5.4

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51,765	3,037	9,035	292	1,841	109	42,190	-18.5
Pulpwood Chips	2,116,137	168,814	222,221	15,172	308,005	21,201	2,428,333	14.8
Total All Exports	11,261,281	4,042,068	1,053,359	401,086	1,189,659	442,291	13,196,245	17.2
Wood Pulp Total	3,791,102	1,352,708	312,106	130,377	409,243	168,524	4,458,312	17.6
Cotton Pulp and Other Pulp	107,224	71,802	9,208	4,978	14,039	5,217	157,452	46.8
Waste and Old Paper	3,285,926	349,258	327,960	39,062	312,062	35,884	3,748,711	14.1
Paper, Board & Products,Total	4,077,029	2,268,300	404,085	226,669	454,315	232,666	4,831,770	18.5
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3,586,119	1,588,157	356,943	167,090	404,166	178,116	4,305,273	20.1
Paper, Ppbd & Prod ex Cnst&WMB	4,008,221	2,228,594	395,827	221,915	446,432	227,895	4,737,728	18.2
Paper & Paperboard, Only	3,517,311	1,548,451	348,685	162,336	396,284	173,344	4,211,231	19.7
Paper, Total	779,000	594,338	82,814	57,151	84,119	56,249	883,662	13.4
Newsprint	314,385	131,379	47,541	21,335	41,595	20,741	392,228	24.8
Printing & Writing	202,826	201,845	16,622	16,529	16,195	16,143	190,656	-6.0
Uncoated Groundwood	36,779	31,727	3,472	2,633	3,210	2,571	40,847	11.1
Clay Coated Paper	82,461	65,710	6,804	5,039	6,395	4,535	78,248	-5.1
Uncoated Free Sheet	64,573	77,929	4,007	6,371	4,917	6,944	50,140	-22.4
Other Printing & Writing	19,013	26,479	2,339	2,486	1,673	2,093	21,420	12.7
Total Pkg. & Other Paper	243,671	242,909	16,751	16,998	25,313	17,956	284,021	16.6
Unbleached Kraft	67,695	29,931	4,900	2,185	5,529	2,150	78,248	15.6
Other Pkg. & Indust. Paper	175,976	212,978	11,851	14,813	19,784	15,806	205,773	16.9
Tissue	18,118	18,205	1,900	2,289	1,016	1,409	16,758	-7.5
Paperboard, Total	2,738,310	954,113	265,872	105,184	312,165	117,096	3,327,568	21.5
Solid Wood Pulp	2,492,746	872,281	247,350	97,711	290,280	108,521	3,007,372	20.6
Total Linerboard	1,807,151	480,909	174,650	57,749	216,547	70,087	2,195,951	21.5
Bleached Kraft Linerboard	130,359	45,687	10,615	4,379	5,149	2,759	133,787	2.6
Unbleached Kraf. Linerbd	1,676,791	435,222	164,035	53,371	211,398	67,328	2,062,164	23.0
Other Unbleached Kraft	100,651	41,053	14,017	5,367	18,531	6,388	157,614	56.6
Other Bleached Kraft	523,091	335,026	52,284	32,589	48,914	30,097	577,166	10.3
Semi-Chemical Corrugating	61,853	15,293	6,400	2,005	6,288	1,950	76,641	23.9
Recycled Paperboard	245,564	81,833	18,521	7,474	21,884	8,574	320,196	30.4
Convtd Paper&Paperbd Products	490,910	680,143	47,142	59,579	50,149	54,550	526,497	7.2
Paper Products, Total	237,191	464,174	22,402	40,043	21,135	34,592	240,171	1.3
Paperboard Products, Total	253,719	215,970	24,741	19,536	29,014	19,959	286,327	12.9
Wet Machine Board	13,380	6,930	1,681	768	1,379	698	18,893	41.2
Construction Paper & Board E	55,429	32,776	6,577	3,987	6,503	4,073	75,149	35.6
Notes								
Other: No Weight Avail. ($000)		6,618		528		567	7,298	10.3
Total Exports Incl. Other($000)		4,048,687		401,614		442,857	4,702,003	16.1

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1985	1986	OCTOBER 1986	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	Annual Rate Y-T D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	299.3	300.6	300.6	303.4	303.4	5.3
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.5	296.0	300.9	302.2	302.4	305.2	305.2	5.0
Total Wood Pulp	346.6	358.4	374.7	379.2	387.4	397.1	397.1	19.0
Total Paper	303.4	306.3	310.5	312.8	313.4	315.2	315.2	4.6
Total Paper, exc. Newsprint	298.8	300.4	304.3	305.2	307.0	309.0	309.0	4.6
Newsprint	332.9	326.1	333.6	333.5	333.6	340.5	340.5	5.1
Total Paperboard	274.6	272.2	280.9	281.7	278.7	286.0	286.0	8.1
Total Paper and Paperboard *	294.4	289.4	301.2	303.0	302.5	306.0	306.0	5.6
Converted Products	288.1	289.3	292.8	293.7	294.1	295.8	295.8	3.5
Waste Paper	148.8	172.8	207.0	204.6	192.4	194.6	194.6	50.7
All Commodities	308.9	299.8	298.3	298.7	298.1	300.9	300.9	-2.6
Industrial Commodities	324.0	312.1	309.3	309.8	309.3	313.6	313.6	-3.2

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

PAPER AND PAPERBOARD NEW SUPPLY

	Production	Imports	Exports	New Supply	Real GNP $ Bill (1982 Prices)	NS/Real GNP Ratio
	-------- Thousand Tons Per Year-------					
1976	54,994	7,042	3,388	58,648	2,826.7	20.75
1977	56,656	7,294	3,171	60,779	2,958.6	20.54
1978	58,571	8,781	3,301	64,051	3,115.2	20.56
1979	61,070	8,738	3,610	66,198	3,192.3	20.74
1980	60,978	8,304	5,148	64,134	3,187.2	20.12
1981	62,113	7,941	4,561	65,493	3,248.7	20.16
1982	59,326	7,603	4,187	62,742	3,166.0	19.82
1983	65,015	8,509	4,501	69,023	3,279.1	21.05
1984	68,450	10,576	4,309	74,717	3,489.9	21.41
1985						
I	67,536	11,233	3,932	74,837	3,547.0	21.10
II	65,487	11,088	4,067	72,508	3,567.6	20.32
III	67,142	10,932	4,081	73,993	3,603.8	20.53
IV	68,139	11,168	3,953	75,354	3,622.3	20.80
Average	67,076	11,105	4,008	74,173	3,585.2	20.69
1986						
I	69,217	11,378	4,506	76,089	3,655.9	20.81
II	70,142	10,989	4,770	76,361	3,661.4	20.86
III	71,543	12,163	4,841	78,865	3,686.4	21.33
IV	73,191	11,857	4,833	80,215	3,702.4	21.67
Average	71,023	11,597	4,738	77,882	3,676.5	21.18

Source: Production: American Paper Institute
Imports and Exports: Bureau of the Census, Department of Commerce
Real Gross National Product (Real GNP): Bureau of Economic Analysis, Department of Commerce
New Supply and NS/Real GNP Ratio: American Paper Institute calculations

the printing and writing papers. New supply of these papers spurted 7.2% last year, following a 0.5% increase in 1985. New supply of most of the other grades of paper declined from 1984 to 1985.

Domestic shipments of printing-writing papers rose by a slightly slower 6.5% in 1986, resulting from a strong 11.7% growth in imports. Demand for printing-writing papers is being paced by office and computer print-out papers and high-grade publication grades. Although growth of real advertising expenditures quickened from 0.7% in 1985 to 2.4% in 1986, real ad revenues of consumer magazines remained approximately stable last year and advertising pages sagged 1%.

New supply of newsprint registered a 1.3% increase in 1986 following a 0.9% advance in 1985. Domestic shipments of newsprint increased by a stronger 3.7% in 1986, because of a sharp deceleration in import growth (from 3.1% in 1985 to just 0.5% last year). Nominal newspaper advertising revenues increased 7% last year, but rate hikes suggest that real gains were in the 1-2% range.

New supply of tissue papers expanded 3.4% in 1986, following a 0.9% gain the previous year; packaging and other papers continued to lose ground in 1986 owing to inroads by plastic merchandise bags and Tee shirt sacks.

New supply levels for the major paperboard grades were up sharply in 1986, following setbacks in 1985. As a result of strong demand for corrugated boxes and other packaging products in 1986, new supply of unbleached kraft paperboard advanced 7.0%, to 15.7 million tons, after retrenching 3.8% in 1985. The 1985 level, however, was held down by the sharp reductions in inventories at boxplants noted earlier. Nonetheless, the 1986 total was 4.0% above the previous high established in 1984, a year, as noted above, of inventory building.

Declines in new supply during 1985 were also followed by rebounds for semichemical paperboard and bleached paperboard. In both cases, the 1986 level moved above the previous high established in 1984. The bleached kraft paperboard ratio of new supply to real GNP also moved above its 1984 average even with the rather large increase in exports. Recycled paperboard new supply was slightly above its 1984 level in 1985 and moved further upward in 1986, bringing new supply/real GNP ratio above its 1984 level, to reach its highest level since 1979.

SALES AND EARNINGS

Sales and earnings of paper and allied products companies followed a strong upward trend during 1986 in line with the increases in production and prices. Fourth quarter 1986 sales of 30 companies reported in the press rose, on average, by 24% from their year-ago level, while after tax profits gained 36%. However, part of the gain in the reported sales total resulted from the effects of some mergers by several companies that did not restate their earlier profits. At the same time, the after-tax profit figures were reduced by the effects of the changes in the tax laws as well by sizable write-offs of discontinued business by some of the other companies.

Continued on Page 12

For 1986 as a whole, these companies showed a 9.4% gain in sales, and a 15% gain in after-tax profits, resulting in a small increase in their after-tax margins.

MATERIAL COMPETITION IN PACKAGING MARKETS

Packaging markets are characterized by dynamic competition, much of which stems from technological change. In many past instances, such as the replacement of glass milk bottles by paperboard cartons and the displacement of wooden vegetable crates by corrugated boxes, the paper industry captured new markets. In other cases, fibre-based packaging products have lost ground to plastics and bulk shipping.

Plastics have been a growing factor in several markets important to paper and paperboard. Plastics account for more than half of all bags used in the nongrocery retail sector, and since 1980, have also gained a presence in the grocery sack market. One trade publication recently reported that about 80,000 short tons of polyethylene resins were used to make plastic Tee shirt sacks last year, up from about 21,000 tons in 1981. Domestic production of plastic Tee shirt sacks is reportedly being supplemented by imports from Taiwan, Brazil, Hong Kong, Korea, and Israel.

Although the end-use distribution of Tee shirt sacks cannot be accurately determined, many are probably used by nonfood retail stores as well as by food stores. Some Tee shirt sacks are also being used by grocery stores, but kraft paper grocery sacks have thus far retained their dominance of this important end-use market. Owing to their self-supporting structure, paper grocery sacks can be packed more rapidly than plastic sacks, and are consequently more cost-effective to use. Also, because they are semi-rigid in structure, 1/6 barrel kraft sacks can hold more items than plastic sacks of the same nominal size.

Paperboard milk containers are also facing competition from plastics, but the rate of displacement is decelerating. After declining four percentage points during the previous two year period, paperboard's share of the fluid milk market fell just one percentage point between 1983 and 1985, to 37%. One likely reason for the deceleration in market share loss is that plastic jugs, which have already captured virtually all of the gallon market, must now compete in the half-gallon size, where paperboard is the more cost-effective material.

Other areas where fibre containers are vying for market share with plastics include the oil can market, where composite cans are being displaced by plastic bottles, and the disposable cup market. Although paper cups have suffered some displacement at the hands of plastics, growing use of other single service containers for fast food applications (e.g., chicken tubs) have had a positive influence on bleached board demand. As a result, overall usage of bleached board for cups, food containers, and lids expanded from 416,400 tons in 1984 to 438,000 tons in 1985 and 478,000 tons last year.

It's important to point out that fibre and plastics are not in competition in all areas. In many cases, plastics has been successfully combined with paper and paperboard to produce more effective products. Resin coated milk containers and film-lined multiwall sacks are products where plastics and paper function synergistically. Aseptic packages, which combine paperboard, plastics and metal foil, are another such example.

February 27, 1987

	Full Year		INDUSTRY DATA 1986 - 1987			Ann. Rate Year - To Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1985	1986	November	December	January	1986	
Total Production (API).......: excluding :...	67,076	71,023	5,877	5,918	6198	74,376	4.4
Total Seasonally Adjusted.....construction:...			5,954	6,425	6116	73,394	4.4
Imports (including Products).: and wet :..E	11,106	11,597	1,134	833	970	11,640	3.6
Exports (including Products).: machine :..E	4,009	4,738	396	446	410	4,920	13.4
Apparent Consumption.........: grades :...	74,173 a	77,882 b	6,615	6,304	6 758	80,114 c	3.8
Paper Production % Tonnage Capacity...........	90.6 g	93.2 g	92.0	89.4	92.0	93.3 gh	-
Paperboard Production % Tonnage Capacity......	90.0 g	94.6 g	94.2	90.7	96.2	97.2 g	-
			October	November	December		
IMPORTS.....:Including Construction and :...	11,521	11,936	1,028	1,165	853	N.A.	N.A.
EXPORTS.....: WMB Grades (excl. HPB) ...	4,077	4,832	375	404	454	N.A.	N.A.
			October	November	December		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6,800	7,571	590	647	692	N.A.	N.A.
TOTAL WOOD PULP PRODUCTION - Tons (000).........	54,141	57,252	4,871	4,757	4,901	N.A.	N.A.
WOOD PULP IMPORTS - TONS (000).................	4,466	4,582	372	467	295	N.A.	N.A.
WOOD PULP EXPORTS - TONS (000).................	3,791	4,458	344	312	409	N.A.	N.A.
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			October	November	December		
Wood Pulp............:consumption for:.....	53,274	55,834	4,786	4,720	4,643	N.A.	N.A.
Waste Paper...........:construction & :.....	15,290	16,578	1,419	1,398	1,339	N.A.	N.A.
TOTAL..........: WMB grades :.....	68,584	72,413	6,207	6,118	5,982	N.A.	N.A.
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	7,779	7,681	7,795	N.A.	N.A.
EMPLOYMENT (000)			November	December	January		
Paper and Allied Products..........Total......	683.2	690.0	695.5	696.8	693.1	693.1	1.4
Pulp, Paper and Board Mills........Total.....E	253.5	252.2	252.3	253.2	251.0	251.0	-0.6
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.82	11.14	11.17	11.24	11.22	11.22	1.8
Pulp, Paper Mills.........................E	13.11	13.58	13.69	13.70	13.68	13.68	2.5
Paperboard Mills..........................E	13.60	14.02	14.04	14.26	14.15	14.15	2.2
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q3	1986 Q4	1987 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.89	8.68	9.19	8.45	8.19 y	-7.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			November	December	January		
:IN PULP, PAPER :...Production Workers..........	127.3 R	134.7	136.1	145.9	139.4	139.4	5.4
:AND BOARD MILLS:...All Employees...............	126.2 R	134.2	135.3	145.1	138.6	138.6	4.7
PAPER AND ALLIED PRODUCTS (Million $)			October	December	January		
Industry Shipments (Dept. of Commerce)*........	97,664	109,582	9,397	9,489	9762	117,144	12.4
Pulp, Paper and Paperboard*..................	41,830	46,632	4,086	3,998	4359	52,308	18.2
Inventories (End of Period) - Total Industry*..	9,728	10,250	9,962	10,040	10429	10,429	6.4
Pulp, Paper and Paperboard*..................	3,800	4,078	3,917	3,993	4147	4,147	5.3
			1986 Q1	1986 Q2	1986 Q3		
Sales (Corporations Only)......................	71,465	73,265 k	17,575	18,470	18904	N.A.	N.A.
Earnings (Corporations Only)...................	2,880	3,113 k	589	922	824	N.A.	N.A.
Depreciation (Corporations Only)...............	3,099	3,341 k	820	843	843	N.A.	N.A.
Net Worth (Corporations Only)..................	29,694	31,075 m	30,033	30,646	31075	N.A.	N.A.
PRICE INDEXES (Bureau of Labor Stats)1967=100			November	December	January		
Pulp, Paper & Products, ex. Building Grades....	292.0	294.0	300.6	300.6	303.4	303.4	5.3
Wood Pulp......................................	346.6	358.3	379.2	387.4	397.1	397.1	19.0
Waste Paper....................................	148.8	172.8	204.6	192.4	194.6	194.6	50.7
Paper..	303.4	306.3	312.8	313.4	315.2	315.2	4.6
Paperboard.....................................	274.6	272.2	281.7	278.7	286.0	286.0	8.1
PAPER DEMAND (INDEXED: 1977=100)			November	December	January		
Total Paper Production *.......................	123.0	128.4	129.0	134.2	129.[illegible]	129.7	2.1
Paper New Supply *.............................	128.8	133.9	139.[illegible]	133.5	134.4	134.4	1.4
Demand Indicators - (Weighted Average) *.....	141.6	148.8	152.0	152.2	153.3	153.3	4.7
Production of Nondurable Goods *...(21.2%).	125.3	130.9	132.8	133.5	134.5	134.5	4.0
Disposable Income ....*.(23.9%)	126.8	131.4	131.2	131.5	131.6	131.6	2.6
Total Printing and Publishing *...(54.9%).	154.3	163.4	168.5	168.5	170.0	170.0	5.7
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	114.3	122.9	123.4	138.4	129.4	129.4	6.8
Production for Domestic Use	112.8	120.8	120.5	136.8	127.6	127.6	6.9
Demand Indicators - (Weighted Average) *.....	120.1	122.1	122.9	123.9	124.5	124.5	1.6
Production of Consumer Goods *...(62.06%)	120.5	124.5	125.4	127.1	127.8	127.8	3.2
Production of Equipment *...(5.75%)	146.4	142.9	143.4	143.0	143.7	143.7	-2.6
Production of Materials *...(32.19%)	114.5	113.8	114.4	114.4	114.6	114.6	-0.8
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			October	November	December		
Consumption by Publishers - Tons (000).........	12,773	13,171	1,199	1,187	1,128	N.A.	N.A.
Newspaper Pub. and Printing Empl. Total(000)...	454	461	464	464	466	N.A.	N.A.
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)...........	155,545	153,171	14,901	15,781	13,914	N.A.	N.A.
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	34,635	38,533	3,504	3,097	3,422	N.A.	N.A.
Inventories (End of Period).	3,155	3,351	3,179	3,208	3,351	N.A.	N.A.
FIBRE BOX DATA (Fibre Box Association)			November	December	January		
Fibre Box Shipments (Million square feet).......	267,451	283,620	21,488	22,030	24,706	296,496	0.7
Container'bd Inventory at Mill & Plant(000Tons).	2,549	2,186	2,138	2,186	2 311	2,311	-7.6
RETAIL TRADE (Million $)			October	November	January		
Total Retail Sales *...........................	1,372,853	1,445,220	121,062	126,590	119,272	1,431,264	1.6
Nondurable Goods Stores Sales *...............	859,316	882,506	74,043	74,753	74,727	896,724	2.1
GENERAL ECONOMIC DATA			November	December	January		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	124.2	125.1	126.0	126.4	126.9	126.9	0.6
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	308.7	299.8	298.7	298.1	300.9	300.9	-2.6
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	322.2	328.4	330.8	331.1	331.1	331.1	0.8
			October	November	December		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	543.2	603.2	594	598	603	N.A.	N.A.
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q2	1986 Q3	1986 Q4		
G.N.P. or Expenditure - Current $..............	3998.1	4208.5	4175.6	4240.7	4268.4	N.A.	N.A.
G.N.P. or Expenditure - 1982 $.................	3585.2	3676.5	3661.4	3686.4	3702.4	N.A.	N.A.

lb/capita

	Pap&Papbd		Othr		Totl	Popul(mil)
.a -	620	+	18	=	638	239.3
.b -	642	+	17	=	659	241.5
.c -	655	+	17	=	672	244.5

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
j - Census unpublished data; standard dev. = 6-8%
h - Adjusted to Conform with API Division data
j - Census unpublished data; standard dev. = 6 - 8%
Q - Quarter m - End of September

R - Revised
y - Full year estim. by U.S. Dept. of Com.
k - First 3 quarters, annual rate
* - Seasonally Adjusted.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

FEBRUARY 25, 1987

PRODUCTION (000 TONS)

	JANUARY 1987	DECEMBER 1986	JANUARY 1986	% CHANGE JAN87/JAN86	FULL YEAR 1986	FULL YEAR 1985	% CHANGE FULL YEAR 1986/1985
PAPER GRADES							
Newsprint	490	472	463	5.9	5,630	5,428	3.7
Printing & Writing	1,707	1,653	1,659	2.9	19,671	18,471	6.5
Uncoated Groundwood (s)	134	124	130	3.4	1,523	1,516	0.5
Coated Paper (s)	566	540	521	8.7	6,260	5,875	6.6
Uncoated Free Sheet Paper (s)	893	881	890	0.3	10,504	9,750	7.7
Thin Paper (s)	20	18	24	-16.0	240	262	-8.5
Cotton Fiber Paper (s)	13	12	13	2.9	151	144	4.7
Bleached Bristols (s)	81	78	82	-1.3	993	924	7.4
Tissue Paper	412	410	433	-5.0	5,083	4,941	2.9
Total Pkg & Other Paper	446	424	436	2.2	5,137	5,202	-1.3
Unbleached Kraft Packaging & Indl. Converting (s)	280	275	291	-3.8	3,340	3,403	-1.8
Other Paper	166	149	145	14.2	1,796	1,799	-0.1
TOTAL PAPER	3,055	2,959	2,992	2.1	35,520	34,042	4.3
PAPERBOARD GRADES							
Unbleached Kraft Paperboard	1,546	1,531	1,461	5.8	17,6[illegible]4	16,368	8.1
Unbleached Kraft Linerboard	1,443	1,434	1,353	6.6	16,390	15,183	8.0
Other Unbl. Kraft Paperboard	103	97	108	-4.4	1,304	1,184	10.1
Semichemical Paperboard	481	438	436	10.4	5,373	5,088	5.6
Bleached Paperboard	381	365	355	7.4	4,293	3,948	8.7
Recycled Paperboard	735	625	692	6.2	8,143	7,630	6.7
TOTAL PAPERBOARD	3,143	2,959	2,944	6.8	35,503	33,034	7.5
TOTAL PAPER AND PAPERBOARD	6,198	5,917	5,936	4.4	71,023	67,076	5.9

WOOD PULP (ALL GRADES)	DECEMBER 1986	NOVEMBER 1986	DECEMBER 1985	FULL YEAR 1986	FULL YEAR 1985	FULL YEAR 1986/1985
Dissolving & Special Alpha	122	95	93	1258	1174	7.2
Bleached Sulfite	115	112	111	1401	1364	2.7
Unbleached Sulfite	24	13	15	175	196	-10.7
Bleached & Semi-Bl. Sulfate	2061	2044	1857	24122	22626	6.6
Unbleached Sulfate	1773	1685	1572	20618	19504	5.7
Semichemical	338	345	328	4133	4027	2.6
Groundwood & Thermomechanical	470	464	408	5545	5251	5.6
TOTAL PULP DIVISION DATA	4901	4757	4385	57252	54141	5.7

(s) - Shipments

4/8/87 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 3 MARCH 1987

PAPER AND PAPERBOARD PRODUCTION: JANUARY-FEBRUARY 1987 HOLDING STRONG

Production of paper and paperboard in January and February 1987 continued to hold near the record-high rates evident during the past two quarters. Adjusted for seasonal and work day factors, the rate of production averaged 73.3 million tons per year. This was 5.1% above its year-ago rate, 3.2 % above the record-high total achieved in 1986, and compares with the 1987 capacity total of 77.4 million tons.

Much of the gain was concentrated in paperboard, where the two-month 1987 total was 6.6% above the comparable 1986 level; paper production rose 3.6% in this period.

Paper: Among the individual paper grades, January-February 1987 shipments of coated printing papers exceeded their year-ago total by 8.4%. By comparison, shipments of these grades in all of 1986 advanced 6.6%, with most of the strength occurring during the second half of the year.

The leading end-use markets for coated papers have been giving off mixed signals. Commercial printing activity moved up sharply during 1986 and has exhibited continued strength by posting consecutive gains during the November-January period. After building stocks earlier in the year, commercial printers began to trim inventories in November of 1986 and continued to do so through January of this year.

Recent news regarding the magazine industry is less encouraging. Advertising page counts for January of 1987 trailed their year-ago level by 8.2%, but the January reading will probably turn out to have been an aberration. Magazine advertising page volumes were off by a much less severe 1.1% during 1986 and most advertising markets are expected strengthen this year. (See page 11 for a more detailed discussion of recent advertising trends as they pertain to printed matter.)

In concert with patterns exhibited by most of the paper grades, shipments of uncoated free sheet papers weakened between

Continued on Page 2

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January and February. Because of the February decline, annualized shipments of these grades were up by only 2.3% during the first two months of this year. That compares to a robust 7.7% gain posted by these shipments in 1986. Imports of uncoated free sheet papers were at an average annual rate of 473,064 tons during the December-January period, which exceeded 1986's full-year level by 4.3%. Much of the strength exhibited by white paper demand during recent years has derived from the boom in office paper usage. In fact, the U.S. population of plain paper copiers rose by more than 15% a year between 1981 and 1986 and the number of electronic printers also expanded rapidly.

Kraft paper shipments trailed their year-ago rate by 1.9% during the first two months of 1987. Demand for these grades is being hurt by several factors, including competition from domestic and imported plastic retail sacks and weak agricultural markets, which have reduced demand for multiwall sacks used to package fertilizers, seeds, and animal feeds. There are indications that prices for polyethylene resins, which are used in the manufacture of plastic retail sacks, are experiencing upside pressures. The impetus for the upside pressures reflects limited capacity expansion in the face of rapidly growing resin demand. Recent increases in energy prices are also said to be playing a role.

Newsprint shipments in January-February 1987 exceeded their year-ago pace by 6.2%. By reason of that strong performance, U.S. newsprint mills operated at 95% of capacity during the first two months of 1987, which compares with an operating rate of 93.2% at the beginning of 1986. Overall usage of newsprint was up 3.0% during 1986, while usage by daily newspapers grew a more moderate 2.3%. Circulation of daily newspapers has been nearly stable since 1971, while Sunday newspapers sales have recorded fairly steady gains.

Year-to-date tissue paper production was up 2.5% through February of 1987. The annualized rate for the first two months of 1987 was 5.1 million tons, which was slightly above the full-year 1986 total.

Paperboard: The strength in paperboard production was fairly well distributed among the major furnishes, ranging from an 8.8% increase in semichemical paperboard production to a 4.8% increase in solid bleached paperboard. In market terms, production of containerboard for domestic use rose 7.3%; boxboard for domestic use was ahead 5.2%, while production for export rose 10.7% as a result of major increases in semichemical and solid bleached export production.

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

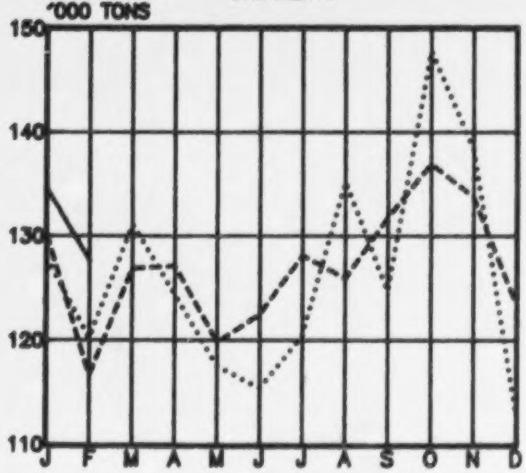
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1985	YEAR 1986	NOV 1986	DEC 1986	JAN 1987 (R)	FEB 1987 (P)	Annual Rate Y T D 1987	% Change From Same Period Last Year
PAPER								
Newsprint Production	5.428	5 630	473	472	490	441	5.588	3.8
- Shipments	5.417	5.638	470	484	471	443	5,485	6.2
Printing & Writing sum	18,471	19 671	1.614	1.653	1.702	1.619	19.926	4.4
Groundwood Paper - Shipments	1,516	1,523	134	124	134	128	1,572	6.2
- New Orders	1,477	1,548	132	122	140	110	1,496	0 5
-Unfilled Orders	106	131	129	131	127	119	119	9.4
Coated Papers - Shipments	5,875	6,260	535	540	568	526	6.561	8.4
- New Orders	5,642	6,275	507	515	557	533	6.544	5.5
- Unfilled Orders	393	399	434	399	466	487	487	18.4
Unctd Free Sheet - Shipments	9,750	10,504	838	881	885	851	10,417	2.3
- New Orders	9,704	10 528	839	856	860	838	10.189	-1.1
- Unfilled Orders	509	534	554	534	568	564	564	2.6
Thin Papers - Shipments	262	240	16	18	22	22	260	-0.2
Cotton Fiber Paper - Shipments	144	151	12	12	13	13	158	5.5
Bleached Bristols Production	924	993	80	78	81	79	959	-0.7
Tissue Paper - Production	4.941	5,095	424	421	439	414	5,122	2.5
Total Packaging & Other Paper	5,202	5.137	417	424	446	410	5.136	1.5
Unbl. Kraft Paper - Shipments	3,403	3.333	263	273	280	262	3,252	-1.9
Other Paper - Production	1,799	1,796	154	149	166	148	1 884	9.4
TOTAL PAPER-Production-Unadj.	34.042	35,532	2,927	2,970	3,078	2,884	35,771	3.6
-Production S.A.			2 978	3 096	3 017	3 003	36 124	3 6
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	25,404	27.359	2,260	2,334	2.409	2 206	27.688	6.8
Total Unbl. Kraft Paperboard	16,368	17.694	1,457	1,531	1,546	1,424	17.820	6.6
Unbl. Kraft Linerboard (1)	15,183	16 390	1.381	1,434	1,436	1,320	16,539	6.9
Production for Export	1,830	2,079	180	184	172	165	2,021	3.5
Other Unbl. Kraft Paperboard	1,184	1,304	76	97	110	104	1,282	2.9
Semichemical Paperboard	5,088	5,373	454	438	481	439	5,520	8.8
Production for Export	189	212	26	19	16	19	211	12.2
Solid Bleached Paperboard	3,948	4,293	348	365	382	343	4.347	4.8
Production for Export	466	513	43	44	48	46	561	29.5
Recycled Paperboard	7,630	8,143	691	625	735	681	8,495	6.1
Production for Export	26	25	2	1	2	12	87	203.3
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35.503	2,950	2,959	3,143	2,887	36,180	6.6
- Containerboard Prod.(Dom. Use)	20,042	21,558	1,813	1.838	1.906	1,734	32.241	58.1
- Boxboard Prod.(Dom. Use) (2)	5,673	5,938	480	478	552	482	6,204	5.2
- All Other P bd Prod.(D.U.) (2)	4,808	5,180	406	395	448	429	5.260	4.2
- Total Paperbd Prod. for Export	2,511	2,827	252	248	237	242	2,879	10.7
TOTAL PAPERBOARD PROD.- S.A.			2,977	3.340	3.121	3,076	37,184	6.6
TOTAL PAPER AND PAPERBOARD								
Production - actual	67 076	71,035	5,878	5.929	6.221	5 771	71,951	5.1
Production - S.A.			5,955	6,437	6,139	6,079	73,308	5.1

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

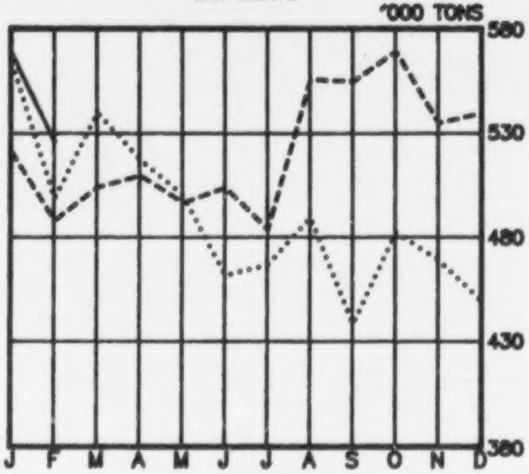
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



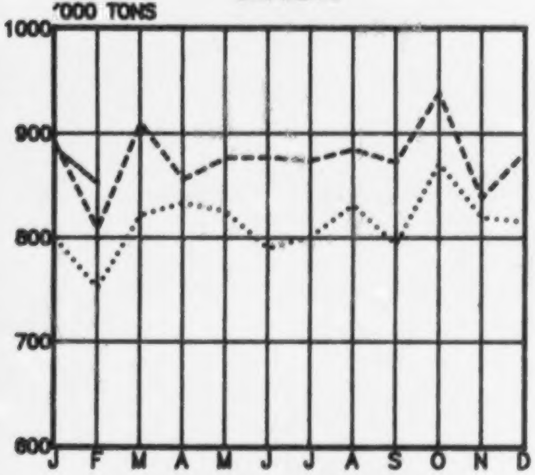
COATED PAPER

SHIPMENTS



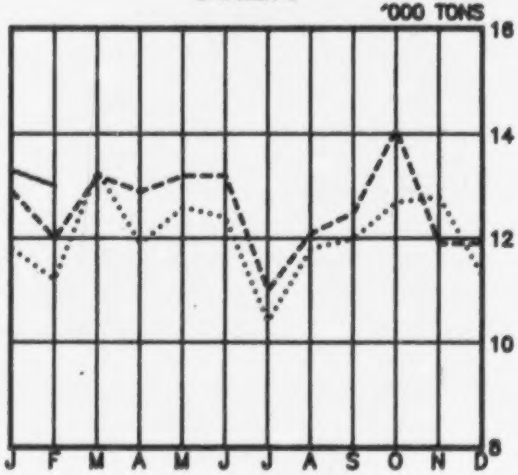
UNCOATED FREE SHEET PAPERS

SHIPMENTS



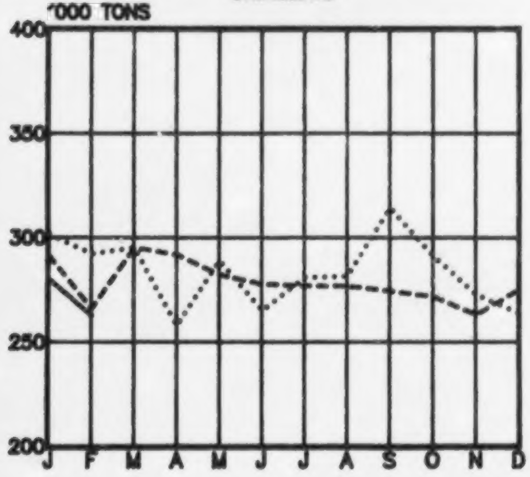
COTTON FIBER PAPER

SHIPMENTS



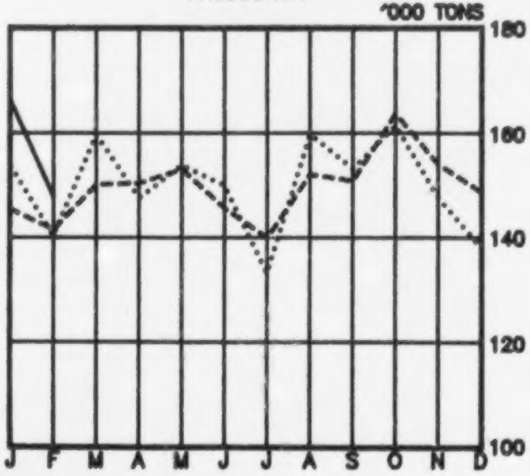
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1985 .... 1986 ----- 1987 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1985	 1986	OCTOBER 1986	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	Annual Rate Y-T D 1987	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	Production	54 141	57 268	4.871	4.757	4.926	5.082	60 982	5.0
	- Imports	4.466	4,582	372	467	295	413	4,954	7.8
	- Exports	3.791	4,458	344	312	409	355	4 259	-3.4
	- New Supply	54,816	57,392	4,898	4,912	4,812	5,140	61,676	5.9
Dissolving Pulp	Production	1,174	1,258	98	95	122	108	1 300	1.7
	- Imports	175	255	23	19	18	13	159	-57.1
	Exports	631	711	61	53	66	64	763	14 6
	- New Supply	718	801	60	60	74	58	695	-29.2
Paper Grades Chemical Pulp	- Production	43.690	46.333	3.942	3.854	3.997	4.113	49.358	5.0
	- Imports	4,104	4.220	342	443	271	393	4.712	13.0
	- Exports	3.131	3.689	279	252	340	290	3 485	-6 3
	- New Supply	44,662	46,864	4.006	4.046	3.928	4.216	50.586	6.6
Groundwood and Thermo-Mech.	- Production	5 251	5 545	481	464	470	497	5.962	6.2
	- Imports	187	108	7	5	7	7	82	52.9
	Exports	29	59	5	7	2	1	12	-56 9
	- New Supply	5,409	5,594	483	461	474	503	6.032	6.9
Semi-Chemical	Production	4.027	4.133	350	345	338	364	4 362	5 0
	- Imports								
	Exports								
	- New Supply	4,027	4.133	350	345	338	364	4 362	5 0
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6.767	7 584	593	647	694	668	8 015	7 3
	- Imports	2,791	3 048	261	245	213	236	2,835	-3.8
	- Exports	3,784	4.470	328	295	479	296	3 548	-24.0
	- New Supply	5,774	6,161	526	597	428	608	7 302	27.0
Dissolving Pulp	Production	1,145	1,251	98	95	122	107	1 283	0 8
	- Imports	174	212	16	13	18	7	85	-73.0
	Exports	666	718	52	49	84	42	499	-22 8
	- New Supply	653	745	62	58	56	72	868	-7.6
Paper Grades Chemical Pulp	- Production	5 598	6,321	494	552	570	560	6 718	8 7
	- Imports	2.531	2,754	241	229	192	228	2,731	4.9
	- Exports	3,117	3,752	276	246	396	254	3.049	-24.2
	- New Supply	5,013	5,323	459	535	366	533	6,399	34.4
Groundwood Pulp and All Other	- Production	24	11	1	1	2	1	14	-7 7
	- Imports	86	83	4	2	4	2	20	-34.7
	- Exports	1	0	0	0	0	0	0	0.0
	- New Supply	109	94	5	4	5	3	34	-25.5

SOURCES. Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports Pulp Division Pulp Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

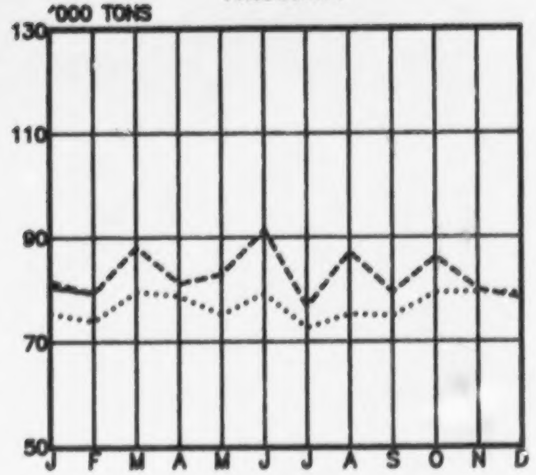
FIBROUS RAW MATERIALS
(Thousands of tons)

	YEAR 1985	 1986	OCTOBER 1986	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	Annual Rate Y-T D 1987	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	68 561	72 325	6,197	6,118	6 006	6 360	76,324	3.9
Total Wood Pulp	53,274	55,746	4,778	4,720	4,667	4,952	59,420	5.3
Waste Paper	15 287	15 290	1,419	1,398	1.339	1,409	16 904	-0.5
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers Own Use Inventories	164	174	176	175	174	183	183	11.4
Producers' Market Inventories	486	284	292	353	284	352	352	-20.7
Consumers Purchased Inventories	492	569	527	553	569	530	530	4.3
Waste Paper at Paper & Bd. Mills	967	948	948	893	948	877	877	-9.4
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	30	16	16	21	16	20	20	-23.1

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary, R - Revised (0) - Indicates zero to five-hundred short tons

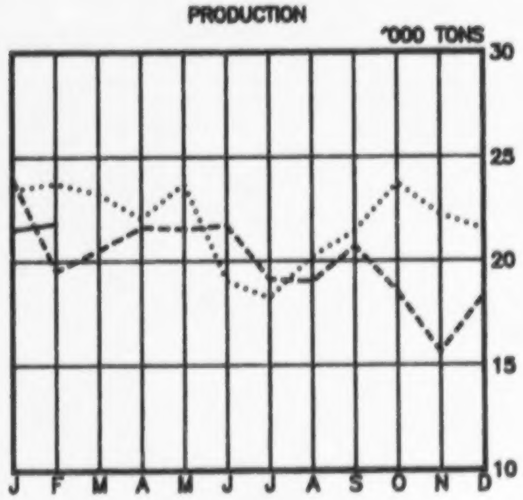
BLEACHED BRISTOLS

PRODUCTION



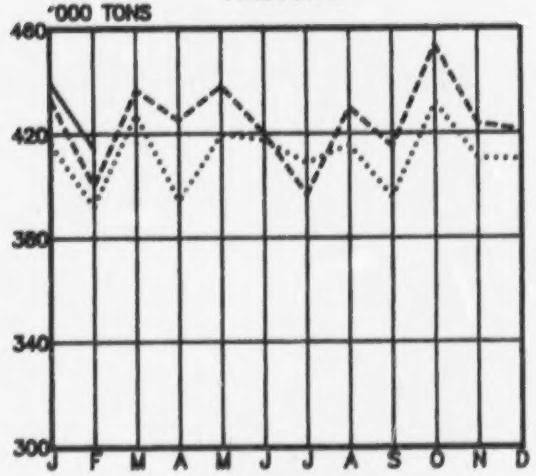
THIN PAPER

PRODUCTION



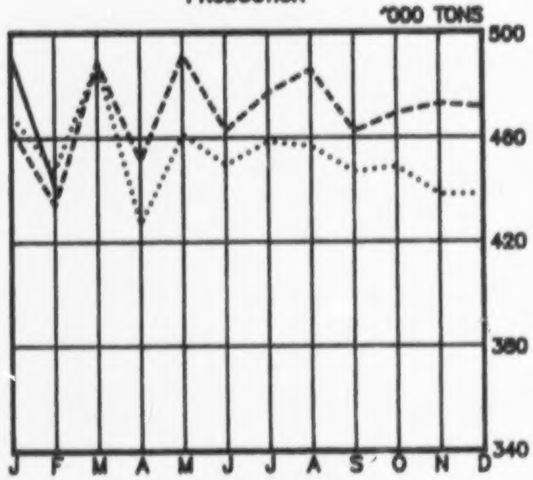
TISSUE PAPER

PRODUCTION



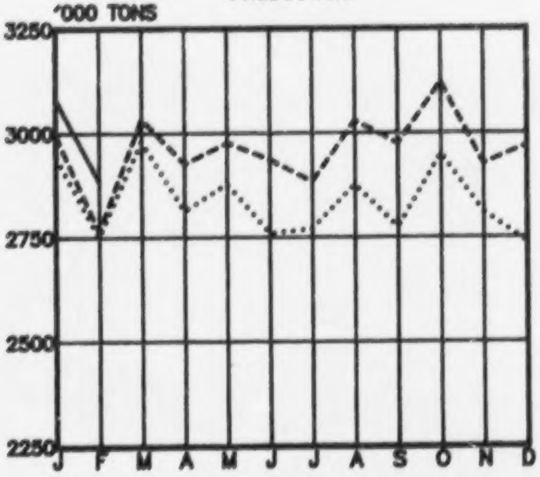
NEWSPRINT

PRODUCTION



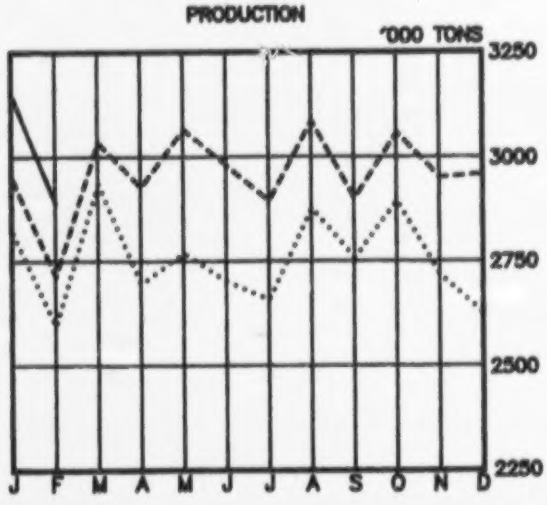
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - 1987 ———

FIBROUS RAW MATERIALS
(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1985	1986	OCTOBER 1986	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	Annual Rate Y T D 1987	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	85,499	90,943	8,247	7,224	7,639	8,074	96,888	-0.2
	- Total Consumpt	85,744	91,434	7,779	7,681	7,795	8,049	96,588	2.1
	Residues *	30,464	32,755	3,068	2,478	2,562	2,734	32,808	-3.8
	- Inventories	5,046	4,794	5,501	4,909	4,794	4,712	4,712	-14.2
So. Atlantic	- Total Receipts	27,589	29,513	2,594	2,349	2,516	2,518	30,216	-5.5
	- Total Consumpt	27,815	29,425	2,465	2,419	2,537	2,577	30,924	1.3
	- Residues *	7,970	9,343	889	763	760	785	9,420	-6.3
	- Inventories	1,117	994	1,187	1,060	994	868	868	-29.1
Northeast	- Total Receipts	7,430	7,277	688	592	636	686	8,232	4.6
	- Total Consumpt	7,394	7,227	637	586	599	666	7,992	0.0
	Residues *	1,539	1,419	136	112	106	107	1,284	-2.7
	- Inventories	544	484	447	447	484	495	495	-1.0
South Central	- Total Receipts	29,786	31,790	2,785	2,572	2,685	2,851	34,212	-1.4
	- Total Consumpt	29,914	32,113	2,610	2,785	2,806	2,801	33,612	0.5
	Residues *	9,207	9,792	882	788	834	891	10,692	3.6
	- Inventories	1,198	926	1,288	1,051	926	919	919	-31.4
North Central	- Total Receipts	6,430	6,571	631	515	595	681	8,172	9.8
	- Total Consumpt	6,296	6,730	549	576	559	587	7,044	5.8
	- Residues *	1,290	1,042	97	75	87	87	1,044	-10.3
	- Inventories	884	892	868	820	892	1,021	1,021	4.6
West	- Total Receipts	14,264	15,792	1,549	1,196	1,207	1,338	16,056	6.5
	- Total Consumpt	14,325	15,939	1,518	1,315	1,294	1,418	17,016	6.8
	- Residues *	10,458	11,159	1,064	740	775	864	10,368	-7.8
	- Inventories	1,303	1,498	1,711	1,531	1,498	1,409	1,409	-3.0

* - Consumption of Residues in Cord Equivalents SOURCE American Pulpwood Association 25 Mar 87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1986 Tons	$000's	DECEMBER Tons	1986 $000's	JANUARY Tons	1987 $000's	Annual Rate Y T D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	59,490	4,224	121	24	196	18	2,352	53.1
Pulpwood chips	723,257	19,488	42,021	986	11,664	288	139,968	-83.0
Wood Pulp, Total	3,949,414	1,422,180	257,370	99,832	394,662	152,577	4,735,944	75.6
Waste Fibrous Materials, Total	157,870	27,196	10,375	1,561	15,278	3,219	183,335	14.2
Paper, Board & Products, Total	9,963,486	4,467,761	711,778	328,738	887,153	416,851	10,645,841	13.2
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9,842,154	4,268,820	703,753	316,058	874,880	396,599	10,498,562	13.0
Paper, Paperboard & Products	9,715,710	4,393,592	698,331	324,921	868,206	411,432	10,418,476	13.2
Paper & Paperboard, Only	9,594,378	4,194,651	690,306	312,241	855,933	391,181	10,271,197	12.9
Paper, Total	9,367,380	4,130,464	672,495	307,198	834,346	384,761	10,012,147	11.9
Newsprint	8,269,333	3,556,983	578,093	257,738	734,946	332,199	8,819,352	11.5
Printing, Writing & Rel. Pap.	868,628	457,685	76,260	40,079	78,579	42,057	942,953	15.4
Pack. & Ind. Conv. Paper	182,481	81,492	13,925	6,089	18,106	8,192	217,272	20.9
Special Industrial Paper	4,766	7,893	615	1,073	618	950	7,421	139.9
Tissue Paper	42,173	26,411	3,603	2,219	2,096	1,363	25,150	-28.2
Paperboard, Total	226,998	64,187	17,810	5,043	21,588	6,420	259,050	72.2
Convtd Paper&Paperbd Products	121,332	198,941	8,025	12,680	12,273	20,252	147,278	34.8
Wet Machine Board	2,332	1,570	139	96	120	88	1,434	-7.7
Construction Paper & Board	245,444	72,599	13,308	3,721	18,828	5,331	225,931	14.8

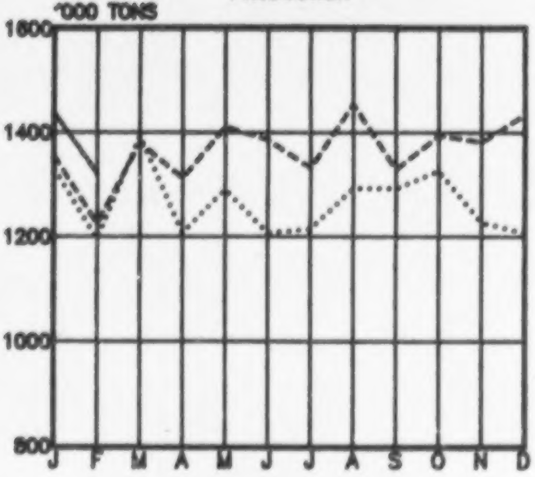
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	39,191	2,201	1,841	109	0	0	0	-100.0
Pulpwood chips	262,844	13,577	42,560	2,312	8,941	602	107,292	2049.3
Wood Pulp, Total	262,353	76,591	19,638	6,290	13,708	4,853	164,496	-50.7
Cotton Pulp & Other Pulp	33,629	10,458	2,996	813	2,777	1,167	33,324	234.6
Waste Paper	226,215	23,254	24,588	2,230	19,996	1,782	239,952	9.7
Paper, Board & Products, Total	846,141	464,795	62,385	39,267	71,012	41,553	852,142	-14.9
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	691,355	315,820	49,656	26,986	55,307	27,659	663,679	-17.8
Paper, Paperboard & Products	816,282	452,239	60,341	38,191	68,236	40,173	818,826	-15.6
Paper & Paperboard, Only	661,496	303,265	47,612	25,910	52,530	26,279	630,364	-18.8
Paper, Total	278,911	200,168	26,368	16,963	29,174	17,964	350,083	5.9
Newsprint	6,040	4,457	1,078	808	586	337	7,026	102.9
Printing, Writing & Rel. Pap.	121,167	99,480	10,392	7,963	11,547	8,691	138,565	1.4
Pack. & Ind. Conv. Paper	25,614	16,467	1,701	1,115	2,418	1,383	29,016	-22.5
Special Industrial Paper	122,874	75,189	13,052	6,830	14,405	7,171	172,865	14.7
Tissue Paper	3,217	4,577	144	248	218	381	2,611	11.1
Paperboard, Total	382,584	103,096	21,244	8,948	23,357	8,315	280,280	-37.1
Convtd Paper&Paperbd Products	154,786	148,975	12,729	12,280	15,705	13,894	188,462	-3.2
Wet Machine Board	10,728	4,638	894	514	1,382	604	16,578	163.6
Construction Paper & Board	19,132	7,918	1,150	562	1,395	776	16,738	-32.9

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 25 Mar-87

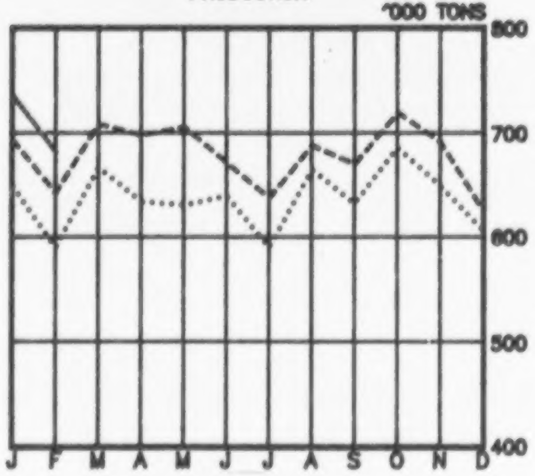
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



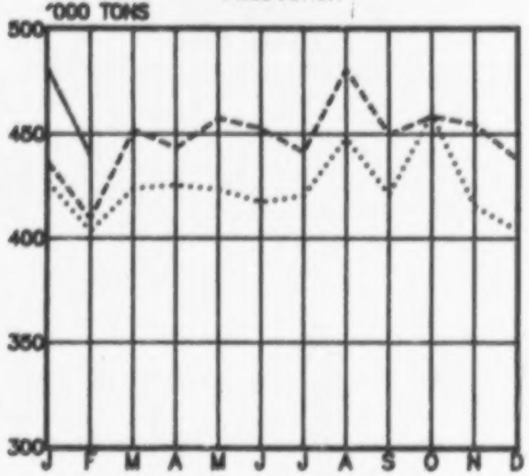
RECYCLED PAPERBOARD

PRODUCTION



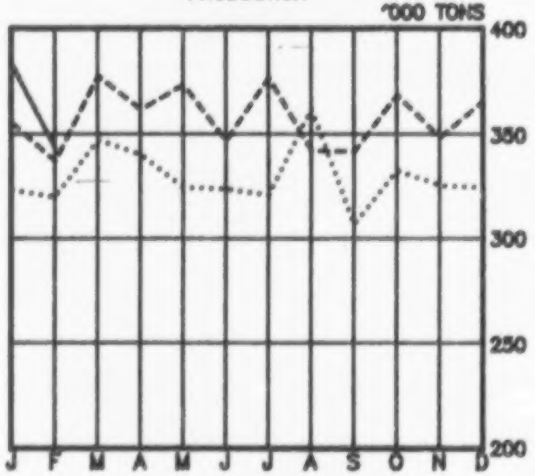
SEMICHEMICAL PAPERBOARD

PRODUCTION



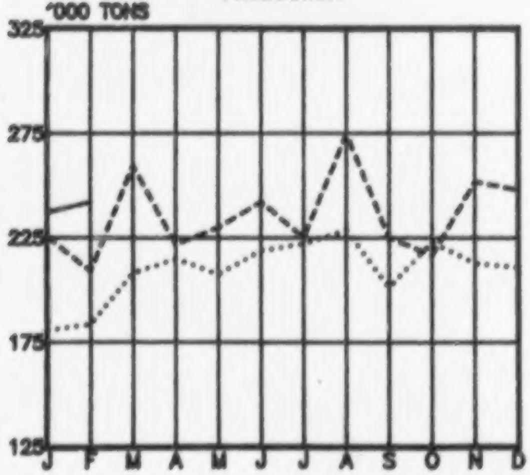
SOLID BLEACHED PAPERBOARD

PRODUCTION



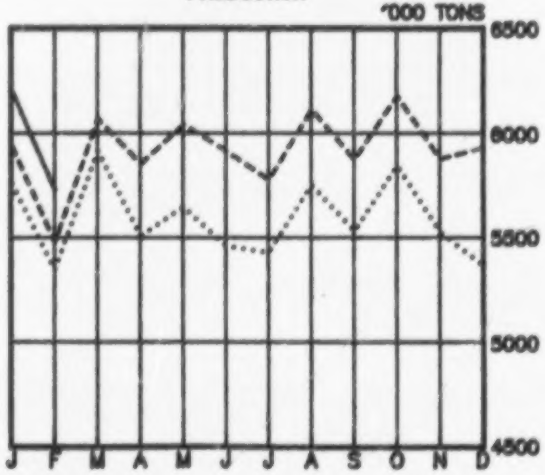
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ········ 1986 -----1987 ———

IMPORTS

	YEAR 1986 Tons	YEAR 1986 $000	1986 DECEMBER Tons	1986 DECEMBER $000	1987 JANUARY Tons	1987 JANUARY $000	(1) Annual Rate YTD 1987 Tons	% Change from same Period Last Year
Pulpwood Roundwood (cords)	60,850	4 563	251	36	222	23	2 664	73 4
Pulpwood Chips	724,828	19 642	42,062	992	11,721	298	140 652	83.0
Total All Imports	16 722 494	7 674 736	1,162 189	562 413	1,478 007	717,423	17 736 085	9 0
Wood Pulp Total	4,581,760	1,601,378	295,433	115,108	412,790	159,488	4 953,576	7.8
Waste Paper	99 313	11 182	8,243	1,009	8,398	1,227	100 776	30 7
Other Fibrous Materials	104 969	26,326	5,921	1,303	7,529	2,420	90,342	-15 9
Paper Board & Products Total	11,936,452	6,035,850	852,592	444,993	1,049,283	554 288	12 591 391	9.6
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,546 545	5,247,129	822,857	386,624	1,013 133	477 357	12 157 595	8.6
Paper Ppbd & Prds ex Cnst&WMB	11,596,808	5,928,457	832,659	439,049	1,022,481	546,812	12,269,768	9.2
Paper & Paperboard Only	11,206,901	5,139,735	802,925	380 680	986 331	469 881	11 835 972	8 2
Paper Total	10,925,453	5,051,917	774,557	371,466	950,629	458,307	11 407,550	6.1
Newsprint	8,587,507	3,682,351	593,681	263 726	750,252	338 885	9 003,024	5 9
Printing & Writing	2,029,302	1,179,802	153,273	89,806	171,854	101,573	2,062,244	7.6
Uncoated Groundwood	1,028,231	531,149	69,349	34,393	75 514	38 967	906 163	5 7
Coated Print.& Impreg. Pap.	501,382	359,495	42,010	30,213	49,426	34,688	593,111	25.6
Uncoated Free Sheet	453,638	254,627	39,381	22,963	39 463	22 712	473 557	-14 4
Uncoated Book	223,798	126,278	18,614	10,551	14,525	8,509	174 300	-38.1
Writing and Similar Paper	229 841	128 349	20,767	12,412	24 938	14 203	299 257	10 2
Thin (except Cigarette)	45,351	33,831	2,484	2,180	7,391	5,144	88,692	165.9
Bristols	700	700	50	59	60	61	721	228.4
Total Pkg & Other Paper	242,571	146,212	20,779	13,261	25,545	15,477	306,535	23.2
Unbleached Kraft Paper	115,008	42,650	9,809	3,817	12,446	4 991	149 357	64.9
Other Pkg. & Indust. Paper	127,562	103,562	10,971	9,445	13,098	10,486	157,178	-0.6
Tissue	66,073	43,552	6,824	4 672	2 979	2 372	35 747	-60 3
Paperboard, Total	281,448	87,818	28,368	9,214	35,702	11,574	428,422	129 8
Test or Containerboard	78,063	25,596	6,101	2,019	7 856	2,554	94 272	87 4
Semi-Chemical Corrugating	99,062	22,092	9,598	2,309	11,364	2,823	136,364	144.0
Other Paperboard	104,324	40,130	12,669	4,887	16 482	6 197	197 785	146.6
Convtd Paper&Paperbd Products	389,907	788,721	29,734	58,369	36,150	76,931	433,796	47.3
Paper Products, Total	361,517	730,257	27,837	54,578	33 388	71,116	400 656	48 2
Paperboard Products, Total	28,390	58,464	1,897	3,791	2,762	5,816	33,140	37.5
Wet machine Board	3,235	2,525	202	174	146	126	1 753	-15.1
Construction Paper & Board	336,409	104,868	19,730	5,770	26,656	7,351	319,870	25.5
Notes								
Other: No Weight Avail. ($000)		212,338		15,007		17 488	209 857	-1 6
Total Imports Incl. Other($000)		7,887,074		577,420		734,911	8,818,931	13.4

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	42,190	2,373	1,841	109	0	0	0	-100.0
Pulpwood Chips	2,428,333	170,022	308,005	21,201	158 342	12,212	1 900 104	-16 0
Total All Exports	13,196,245	4,694,705	1,189,659	442,291	1,107,152	428,492	13,285,825	5.3
Wood Pulp Total	4,458,312	1,662,466	409,243	168 524	354 932	153,015	4 259,184	-3.4
Cotton Pulp and Other Pulp	157,452	72,500	14,039	5,217	13,650	7,110	163,800	65.3
Waste and Old Paper	3 748,711	411,076	312,062	35,884	334 276	39 477	4 011 312	9 9
Paper, Board & Products,Total	4,831,770	2,548,663	454,315	232,666	404,294	228,890	4,851,529	8.9
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	4 305,273	1,862,874	404,166	178,116	353,330	169 144	4 239,959	8 2
Paper, Ppbd & Prod ex Cnst&WMB	4,737,728	2,496,766	446,432	227,895	393,511	223,016	4,722,128	8.8
Paper & Paperboard, Only	4,211,231	1,810,976	396,284	173,344	342,547	163 269	4 110 558	8.1
Paper, Total	883,662	642,597	84,119	56,249	74,436	53,215	893,227	20.0
Newsprint	392,228	194,549	41,595	20 741	30 488	16 116	365 850	47.1
Printing & Writing	190,656	185,271	16,195	16,143	16,111	15,391	193 330	-5.0
Uncoated Groundwood	40,847	28,947	3,210	2 571	3 700	2 356	45 355	27.6
Clay Coated Paper	78,248	57,856	6,395	4,535	6,408	4,360	76,900	-20.1
Uncoated Free Sheet	50,140	71,354	4,917	6 944	4 494	6 306	53 922	-4 6
Other Printing & Writing	21,420	27,114	1,673	2,093	1,429	2,369	17,153	12.3
Total Pkg. & Other Paper	284,021	241,426	25,313	17 956	26 370	19 772	316 445	13 2
Unbleached Kraft	78,248	32,009	5,529	2,150	6,182	2,793	74,180	38 8
Other Pkg. & Indust. Paper	205,773	209,417	19 784	15 806	20 189	16 979	242 264	7 1
Tissue	16,758	21,351	1,016	1,409	1,467	1 936	17,603	41.9
Paperboard, Total	3,327,568	1 168 379	312,165	117 096	268 111	110,054	3 217 331	5 2
Solid Wood Pulp	3,007,372	1,084,112	290,280	108,521	247,286	102,125	2,967,428	10.4
Total Linerboard	2,195 951	642,137	216,547	70,087	170 068	57 974	2 040 818	4 2
Bleached Kraft Linerboard	133,787	51,448	5,149	2,759	4,014	2,489	48,169	-44.3
Unbleached Kraft Linerbd	2,062,164	590 688	211,398	67 328	166,054	55 484	1 992 649	6 5
Other Unbleached Kraft	157,614	57,548	18,531	6,388	15,436	6,844	185,237	41.1
Other Bleached Kraft	577,166	362,715	48 914	30 097	53 376	34,520	640,513	34 9
Semi-Chemical Corrugating	76,641	21,713	6,288	1,950	8,405	2,787	100,860	-18.1
Recycled Paperboard	320,196	84,268	21,884	8,574	20 825	7 930	249 902	-32 9
Convtd Paper&Paperbd Products	526,497	685,789	50,149	54,550	50,964	59,746	611,570	14.2
Paper Products, Total	240,171	456 429	21,135	34,592	21,436	36 637	257 228	10.7
Paperboard Products, Total	286,327	229,360	29,014	19,959	29,529	23,110	354,342	16.8
Wet Machine Board	18,893	7 259	1,379	698	2 477	1,015	29,728	41 5
Construction Paper & Board E	75,149	44,639	6,503	4,073	8,306	4,860	99,673	7.6
Notes								
Other: No Weight Avail. ($000)		7 298		567		470	5 640	-31 1
Total Exports Incl. Other($000)		4,702,003		442,857		428,962	5,147,538	23.6

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1985	1986	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	Annual Rate Y T D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	300.6	300.6	303.4	306.6	305.0	5.8
Pulp Paper & Products ex. Building Grades & ex Waste Paper *	294.5	295.9	302.2	302.4	305.2	308.4	306.8	5.5
Total Wood Pulp	346.6	358.6	379.2	387.4	397.1	396.1	396.6	19.3
Total Paper	303.4	306.3	312.8	313.4	315.2	318.1	316.7	5.1
Total Paper, exc. Newsprint	298.8	300.3	305.2	307.0	309.0	310.3	309.7	4.8
Newsprint	332.9	326.1	333.5	333.6	340.5	343.3	341.9	5.4
Total Paperboard	274.6	271.8	281.7	278.7	286.0	290.2	288.1	8.7
Total Paper and Paperboard *	294.4	295.3	303.0	302.5	306.0	309.4	306.0	6.1
Converted Products	288.1	289.3	293.7	294.1	295.8	298.8	297.3	4.0
Waste Paper	148.8	172.8	204.6	192.4	194.6	201.5	198.1	48.9
All Commodities	308.9	299.8	298.7	298.1	300.9	302.7	300.9	-1.6
Industrial Commodities	324.0	312.2	309.8	309.3	313.6	315.7	314.7	-2.2

SOURCE. Producer Price Indexes. Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

ADVERTISING SUMMARY SHEET
(millions of constant '82 dollars)

	Real Print-Based Ad Revenues	Total Real Ad Revenues	% Print
1980	$33,957	$65,867	51.6%
1981	34,548	66,407	52.0
1982	34,468	66,580	52.0
1983	37,166	70,822	52.5
1984	40,777	76,632	53.2
1985	41,372	77,410	53.4
1986	42,459	79,324	53.5

Source: McCann Erickson and API Economics

The gains in production of containerboard for domestic use were consistent with the strong demand for fibre boxes. The seasonally adjusted rate of fibre box shipments in this period averaged 292 billion sq. ft. per year, which compares favorably with the record-high 284 billion sq. ft. shipped in all of 1986. There was also a modest accumulation of containerboard inventories at mills and box plants -- amounting to about 150,000 tons -- but the inventory total at the beginning of March was still a relatively low 5.5 weeks of supply.

Production of folding boxboard continued to grow, with production of the bleached grades for domestic use up 6.5% in the first two months of 1987 and production of the recycled grades up 11%. For 1986 as a whole, the bleached grades gained 11.5%, while the recycled grades held at their relatively high year-ago totals. The strength in demand for folding boxboard is consistent with the 6% increase recorded by food and tobacco production last year.

Among the other boxboard packaging grades, cup stock, a bleached paperboard product, was the only other grade to show significant growth. In the non-packaging grades, gypsum wallboard facings gained 6% through February, reflecting the continued strength in residential housing.

FIBROUS MATERIALS

Although production of chemical paper grade market pulp eased downward from January to February 1987, the two-month 1987 total was still 6% above its comparable 1986 level. However, shipments fell some 6.6% below their year-ago total. The declines in shipments were concentrated in exports. Shipments of these wood pulps to the domestic market rose by 5.4% relative to the first two months of 1986. Inventories of chemical grade market pulp rose 24% since the end of December, but were still equivalent to a relatively low 19 days of supply.

Total production of wood pulp for January 1987 showed a 5.1% gain from its year-earlier total, at an annual rate about 61 million tons per year. Except for the dissolving grades, which gained only 1.8%, the increases were well distributed among the various wood pulp grades (see upper table on page 5).

Continued on Page 12

U. S. ADVERTISING MARKETS

The growth in real advertising expenditures quickened from 1% in 1985 to 2.5% in 1986, according to revenue data compiled by McCann-Erickson and deflated by API's Economics Department. In spite of the acceleration relative to 1985, last year's gain in advertising activity was still below the growth rates that prevailed during the first half of the 1980's. For example, real advertising outlays grew at an average annual rate of 3.3% between 1980 and 1985, a period that encompassed a robust 6.4% advance in 1983 and an 8.2% gain in 1984.

The comparative weakness of advertising activity during the last two years reflected sluggish U.S. economic growth and continued steep hikes in media rates at a time when U.S. inflation was in a sharp deceleration. Composite media rate gains measured 7.2% in 1985 (versus a 3.8% gain in the consumer price index) and 5.2% in 1986 (versus 1.9% for the CPI). Although API projects that 1987 real GNP growth will only match last year's 2.5% gain, real advertising revenues could still advance by as much as 3.5%, if media rates come into better alignment with price patterns in the rest of the economy.

Relative to total real advertising expenditures, the market share of the print-based media expanded from 51.6% in 1980 to 53.4% in 1985, and then held approximately stable last year. The increase in print's share partly reflected a surge in direct mail advertising. Real outlays for direct mail advertising rose 7.8% in 1986, up from 5.3% in 1985, but still well below the soaring 16% average annual rate of gain that took place between 1982 and 1984.

In contrast to the handsome gains achieved by direct mail advertising, some other segments of the print media have stagnated during the past two years. In particular, real magazine ad revenues slumped 3.2% in 1985 and another 0.9% last year. Magazine ad rates rose 5% last year, which exceeded the 3.9% average rate increases instituted by network television. Magazine advertising prices have typically risen less rapidly than those of network television, suggesting that 1986 may have been an anomaly in this respect. Preliminary evidence suggests that both magazines and television rates will rise by about 4% this year. Nominal newspaper advertising revenues increased 7% in 1986, but rate hikes held lineage gains to an estimated 1-2%.

The table on the lower part of page 10 shows API estimates of total real advertising expenditures and expenditures on print-based advertising expressed in 1982 dollars.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

MARCH 28, 1987

PRODUCTION (000 TONS)

PAPER GRADES	FEBRUARY 1987	JANUARY 1987	FEBRUARY 1986	% CHANGE FEB87/FEB86	FIRST TWO MONTHS 1987	FIRST TWO MONTHS 1986	% CHANGE YR TO DATE 1987/1986
Newsprint	441	490	434	1.6	931	897	3.8
Printing & Writing	1,619	1,702	1,523	6.3	3,321	3,182	4.4
Uncoated Groundwood (s)	128	134	117	9.4	262	247	6.2
Coated Paper (s)	526	568	488	7.7	1,094	1,009	8.4
Uncoated Free Sheet Paper (s)	851	885	808	5.4	1,736	1,698	2.3
Thin Paper (s)	22	22	20	11.5	43	43	-0.2
Cotton Fiber Paper (s)	13	13	12	8.2	26	25	5.5
Bleached Bristols (s)	79	81	79	0.0	160	161	-0.7
Tissue Paper	414	439	400	3.6	854	833	2.5
Total Pkg & Other Paper	410	446	407	0.6	856	844	1.5
Unbleached Kraft Packaging & Indl. Converting (s)	262	280	262	0.0	542	553	-1.9
Other Paper	148	166	142	4.4	314	287	9.4
TOTAL PAPER	2,884	3,078	2,764	4.3	5,962	5,756	3.6
PAPERBOARD GRADES							
Unbleached Kraft Paperboard	1,424	1,546	1,325	7.5	2,970	2,786	6.6
Unbleached Kraft Linerboard	1,320	1,436	1,225	7.8	2,756	2,578	6.9
Other Unbl. Kraft Paperboard	104	110	100	4.0	214	208	2.9
Semichemical Paperboard	439	481	409	7.2	920	845	8.8
Bleached Paperboard	343	382	337	1.8	725	692	4.8
Recycled Paperboard	681	735	642	6.1	1,416	1,334	6.1
TOTAL PAPERBOARD	2,887	3,143	2,713	6.4	6,030	5,657	6.6
TOTAL PAPER AND PAPERBOARD	5,771	6,221	5,477	5.4	11,992	11,412	5.1

WOOD PULP (ALL GRADES)	JANUARY 1987	DECEMBER 1986	JANUARY 1986	% CHANGE JAN87/JAN86	FULL YEAR 1986	FULL YEAR 1985	FULL YEAR 1986/1985
Dissolving & Special Alpha	108	122	107	1.4	1258	1174	7.2
Bleached Sulfite	115	115	121	-4.4	1401	1364	2.7
Unbleached Sulfite	15	13	15	0.0	175	196	-10.7
Bleached & Semi-Bl. Sulfate	2144	2097	2029	5.7	24122	22626	6.6
Unbleached Sulfate	1838	1773	1754	4.8	20618	19504	5.7
Semichemical	364	338	346	5.1	4133	4027	2.6
Groundwood & Thermomechanical	497	470	468	6.2	5545	5251	5.6
TOTAL PULP DIVISION DATA	5082	4926	4839	5.0	57252	54141	5.7

(s) - Shipments

March 31, 1987

	Full Year		INDUSTRY DATA 1986 - 1987			Ann. Rate Year - To - Date	% From Same Pd. Last Year
				R	P		
PAPER AND PAPERBOARD -- Tons (000)	1985	1986	December	January	February	1986	
Total Production (API).......: excluding :...	67.076	71,035	5 929	6221	5771	71 951	5.1
Total Seasonally Adjusted....:construction:...			6,437	6139	6079	73,309	5.1
Imports (including Products).: and wet ...E	11,106	11.597	833	1022	1000	12.135	6.5
Exports (including Products).: machine :..E	4.009	4,738	446	394	400	4,761	11.7
Apparent Consumption.........: grades :...	74,173 a	77.894 b	6.315	6.850	6.371	80.682 c	4.9
Paper Production % Tonnage Capacity............	90.6 g	186.5 g	89.7	92.7	95.1	94.6 gh	--
Paperboard Production % Tonnage Capacity......	90.0 g	189.3 g	90.7	96.2	98.1	97.6 g	-
			November	December	January		
IMPORTS.....:Including Construction and :...	11,521	11,936	1,165	853	1049	12,591	9.6
EXPORTS.....: WMB Grades (excl. HPB)	4,077	4.832	404	454	404	4 852	8.9
			November	December	January		
MARKET WOOD PULP PRODUCTION - Tons (000).........	6,797	7,585	647	694	668	7,567	4.0
TOTAL WOOD PULP PRODUCTION - Tons (000)..........	54,141	57.277	4.757	4.926	5082	60.984	5.0
WOOD PULP IMPORTS - TONS (000)..................	4,466	4,582	467	295	413	4,954	7.8
WOOD PULP EXPORTS - TONS (000)..................	3,791	4,458	312	409	355	4.259	-3.4
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			November	December	January		
Wood Pulp.............:consumption for:.....	53,274	55,746	4,720	4,667	4952	59,424	5.3
Waste Paper...........:construction & :.....	15,290	16,578	1,398	1,339	1409	16,908	-0.5
TOTAL..........: WMB grades :.....	68,584	72,325	6,118	6,006	6361	76,332	4.0
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	7 681	7,795	8049	96.588	2.1
EMPLOYMENT (000)			December	January	February		
Paper and Allied Products..........Total......	683.2	690.0	696.8	690.3	690.2	690.3	1.1
Pulp, Paper and Board Mills........Total.....E	253.5	252.2	253.2	251.1	250.8	251.0	-0.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.82	11.14	11.24	11.18	11.16	11.17	1.5
Pulp, Paper Mills.........................E	13.11	13.58	13.70	13.60	13.55	13.58	1.8
Paperboard Mills..........................E	13.60	14.01	14.19	14.00	13.95	13.98	1.3
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q3	1986 Q4	1987 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.89	8.68	9.19	8.45	8.19 y	-7.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			December	January	February		
:IN PULP, PAPER :...Production Workers..........	127.3	134.5	143.1	140.5	138.0	139.3	5.7
:AND BOARD MILLS:...All Employees...............	126.2	134.1	143.0	139.7	137.5	138.6	5.2
PAPER AND ALLIED PRODUCTS (Million $)			December	January	February		
Industry Shipments (Dept. of Commerce)*........	97,664	109,582	9,489	9276	9537	112,878	8.6
Pulp, Paper and Paperboard*.................	41,830	46,632	3,998	4136	4063	49,194	12.2
Inventories (End of Period) - Total Industry*..	9,728	9,806	10,040	10555	10630	10,630	8.9
Pulp, Paper and Paperboard*.................	3,800	3,939	3,993	4098	4142	4,142	5.2
			1986 Q1	1986 Q2	1986 Q3		
Sales (Corporations Only)......................	71,465	73,265 k	17575	18,470	18904	N.A.	N.A
Earnings (Corporations Only)...................	2,880	3,113 k	589	922	824	N.A.	N.A
Depreciation (Corporations Only)...............	3,099	3,341 k	820	843	843	N.A.	N.A
Net Worth (Corporations Only)..................	29,694	31,075 m	30033	30,646	31075	N.A.	N.A
PRICE INDEXES (Bureau of Labor Stats)1967=100			December	January	February		
Pulp, Paper & Products, ex. Building Grades....	292.0	294.0	300.6	303.4	306.6	305.0	5.8
Wood Pulp......................................	346.6	358.3	387.4	397.1	396.1	396.6	19.3
Waste Paper....................................	148.8	172.8	192.4	194.6	201.5	198.1	48.9
Paper..	303.4	306.3	313.4	315.2	318.1	316.7	5.1
Paperboard.....................................	274.6	272.2	278.7	286.0	290.2	288.1	8.7
PAPER DEMAND (INDEXED: 1977=100)			December	January	February		
Total Paper Production *......................	123.0	128.4	134.2	130.7	130.1	130.4	3.6
Paper New Supply *............................	128.8	133.9	133.5	137.3	136.7	137.0	4.0
Demand Indicators - (Weighted Average) *.....	141.6	148.8	152.2	152.7	153.1	152.9	5.3
Production of Nondurable Goods *...(21.2%).	125.3	130.9	133.5	134.3	134.4	134.4	4.1
Disposable Income ....*.(23.9%)	126.8	131.4	131.5	130.5	130.8	130.7	1.6
Total Printing and Publishing *...(54.9%).	154.3	163.4	168.5	169.5	170.0	169.8	6.9
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	114.3	122.9	138.4	129.4	127.5	128.4	6.6
Production for Domestic Use	112.8	120.8	136.8	127.6	125.4	126.5	6.2
Demand Indicators - (Weighted Average) *.....	120.1	122.1	123.9	124.0	124.6	124.3	1.7
Production of Consumer Goods *...(62.06%)	120.5	124.5	127.1	126.8	127.5	127.2	2.9
Production of Equipment *...(5.75%)	146.4	142.9	143.0	142.6	143.7	143.2	-2.3
Production of Materials *...(32.19%)	114.5	113.8	114.4	115.3	115.5	115.4	0.2
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			November	December	January		
Consumption by Publishers - Tons (000)..........	12,773	13,157	1,188	1,112	1,022	12,262	1.0
Newspaper Pub. and Printing Empl. Total(000)...	454	461	464	466	461	461	0.2
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)...........	155,545	153,088	15,781	13,624	9,000	108,005	-8.2
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	34,635	38,536	3,097	3,425	3,369	40,428	4.4
Inventories (End of Period).	3,155	3,116	3,208	3,411	3,410	3,410	9.4
FIBRE BOX DATA (Fibre Box Association)			December	January	February		
Fibre Box Shipments (Million square feet).......	267,451	283,620	22,030	24,708	22,704	284,472	2.6
Container'bd Inventory at Mill & Plant(000Tons).	2,549	2,186	2,186	2,311	2,338	2,338	-6.0
RETAIL TRADE (Million $)			November	January	February		
Total Retail Sales *..........................	1,372,853	1,445,568	126,938	117,519	122,291	1,438,860	2.2
Nondurable Goods Stores Sales *...............	859,316	882,505	74,752	74,589	75,575	900,984	2.6
GENERAL ECONOMIC DATA			December	January	February		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	124.2	125.1	126.4	126.8	127.3	127.1	1.0
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	308.7	299.8	298.1	300.9	302.7	301.8	-1.6
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	322.2	328.4	331.1	331.1	334.4	332.8	1.5
			November	December	January		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	550	543	598	603	580	580	9.2
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q2	1986 Q3	1986 Q4		
G.N.P. or Expenditure - Current $..............	3,998	4,208	4175.6	4,241	4268.4	N.A.	N.A
G.N.P. or Expenditure - 1982 $.................	3,585	3,677	3661.4	3,686	3702.4	N.A.	N.A

	lb/capita			
	Pap&Papbd	Othr	Totl	Popul(mil)
.a	620 +	18 =	638	239.3
.b	645 +	17 =	662	241.5
.c	660 +	17 =	677	244.5

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
j - Census unpublished data; standard dev. = 6-8%
h - Adjusted to Conform with API Division data
j - Census unpublished data; standard dev. = 6 - 8%
Q - Quarter   m - End of September

R - Revised
y - Full year estim. by U.S. Dept. of Com.
k - First 3 quarters, annual rate
* - Seasonally Adjusted.

5/12/87 A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 4 APRIL 1987

PAPER AND PAPERBOARD DEMAND CONTINUES STRONG

Paper and paperboard production held close to its fourth quarter 1986 record rate during the first quarter of 1987. At 72.5 million tons per year, the seasonally-adjusted pace was 4.5% ahead of its years ago rate and equivalent to 95% of the total capacity. The available data indicate that the gain in exports was much greater than that of imports (see table on page 9), suggesting that new supply (production plus imports less exports) showed a somewhat smaller gain than production. However, new supply growth was still well above the 2.2% gain in economic activity as measured by the real gross national product, continuing the pattern evident during 1986.

Paper: Paper production ran at a near-record 35.75 million tons per year during the first quarter of 1987, 2.9% above its year-ago rate. The major gains were in the printing-writing grades and in specialty papers (see table on page 3). Production of total printing-writing papers moved above the 20 million tons per year rate, gaining 4.2% from its year-ago level.

Among the printing-writing grades, the uncoated groundwood and coated papers showed the strongest increases, rising 6.1% and 8.9%, respectively, from their year-ago levels. Gains in groundwood papers were concentrated in commercial printing, book publishing and in periodicals. Commercial printing was also the strongest market for coated papers. New orders for both these grades were relatively strong during this period. The backlog of unfilled orders for groundwood papers as of the end of the first quarter of 1987 was 25% above its year-ago level, while the backlog for coated papers was up by about 1%.

Shipments of uncoated free sheet paper ran at 10.6 million tons per year during the first quarter, 2% above its year-ago rate and a shade above the rate for all of 1986. Book publishing and office reprographics were the strongest markets for these grades, while shipments to business forms converters held close to their year-ago levels.

Paperboard: Although the seasonally-adjusted rate of paperboard production eased somewhat from the unusually high level of the fourth quarter, the average rate held to a strong 36.7 million tons a year during the first quarter of 1987, epresenting a 97% operating rate. Moreover, production continued strong in April, with paperboard mills operating near 96% of capacity. Tonnage production of paperboard during the first

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three months of 1987 exceeded its year-ago level by 6.2%. The strength in paperboard production spanned most of the major end-use markets and pulp furnishes.

In terms of end-use markets, the largest gains were recorded by containerboard production for domestic use. Output of containerboard for domestic markets soared 7.6% from 1985 to 1986 and exceeded its year-ago level by 7.3% during the first quarter of 1987. The impetus for those strong gains was provided by healthy box demand. Annualized box shipments attained a record-high 290.7 billion square feet during this year's first quarter, 5.3% above their year-ago level and 0.9% higher than their fourth-quarter 1986 pace. Box shipments grew significantly faster than overall industrial activity during the last year or so, partly because of strong gains in several important end-use markets (e.g., fresh fruits and vegetables) and increased domestic production of boxable goods resulting from the decline of the dollar.

Production of total boxboard for domestic use was up 3.3% through March, with folding boxboard output up 7%. The gain in folding boxboard encompassed a 5.3% increase in solid bleached folding boxboard and an 8.3% increase in recycled folding boxboard. Among the other packaging-related boxboard categories, output of milk carton and food service board exceeded its year-ago level by 0.6% during the first quarter. Gypsum wallboard facings, a product paced by residential construction activity, was ahead by 3.5% during the first quarter of 1987.

In addition to the above-noted strength in domestic markets, exports also played an important role in bolstering paperboard demand. Total production of paperboard for export was up 6.6% during this year's first quarter. Production of recycled paperboard for export quadrupled its year-ago level during the first quarter of 1987, although the tonnages were still relatively small. Linerboard production for export trailed its year-ago level by 2.7% during the first three months of 1987, but still held close to the rate for all of 1986 (see page 3).

Consistent with the strength exhibited by the domestic market categories and exports, the major paperboard furnishes all turned in healthy performances during early 1987. Semi-chemical production was up 8.8% during the first quarter, followed by unbleached linerboard (up 5.8%) and solid bleached paperboard (up 4.2%). Recycled paperboard exceeded its year-ago level by 6.6% during the first quarter.

IMPORTS AND EXPORTS

The Department of Commerce reported that imports of paper, paperboard and products ran at 12.5 million tons per year during the first two months of 1987, 7.4% over their year-ago level. This compares to a gain of 3.6% from 1985 to 1986, despite the decline of the dollar. However, much of the gain reflects imports from Canada, whose dollar has not appreciated relative to

Continued on Page 11

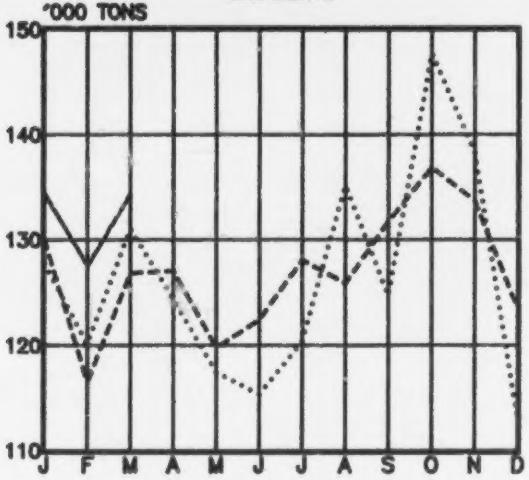
PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1985	YEAR 1986	DEC 1986	JAN 1987 (R)	FEB 1987 (P)	MAR 1987 (P)	Annual Rate Y-T-D 1987	% Change From same Period Last Year
PAPER								
Newsprint - Production	5,428	5,630	472	490	441	475	5,624	1.4
- Shipments	5,417	5,638	484	471	443	487	5,605	4.6
Printing & Writing sum	18,471	19,671	1,653	1,702	1,618	1,730	20,202	4.2
Groundwood Paper - Shipments	1,516	1,523	124	134	128	134	1,586	6.1
- New Orders	1,477	1,548	122	140	110	151	1,601	7.9
-Unfilled Orders	106	131	131	127	119	127	127	24.8
Coated Papers - Shipments	5,875	6,260	540	568	526	553	6,586	8.9
- New Orders	5,642	6,275	515	557	533	534	6,497	4.0
- Unfilled Orders	393	399	399	466	487	435	435	1.4
Unctd Free Sheet - Shipments	9,750	10,504	881	885	851	923	10,638	2.0
- New Orders	9,704	10,528	856	860	838	883	10,325	-1.2
- Unfilled Orders	509	534	534	568	564	523	523	-0.9
Thin Papers - Shipments	263	247	18	21	22	21	255	-0.3
Cotton Fiber Paper - Shipments	144	151	12	13	13	14	159	4.6
Bleached Bristols Production	924	993	78	81	79	85	979	-1.7
Tissue Paper - Production	4,941	5,095	421	439	414	435	5,153	1.4
Total Packaging & Other Paper	5,202	5,137	424	446	408	444	5,191	0.7
Unbl. Kraft Paper - Shipments	3,403	3,304	271	280	260	274	3,254	-3.1
Other Paper - Production	1,799	1,796	149	166	148	170	1,937	10.7
TOTAL PAPER-Production-Unadj.	34,042	35,532	2,970	3,078	2,882	3,083	36,170	2.9
-Production-S.A.			3,096	3,017	3,001	2,921	35,753	2.9
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	25,404	27,359	2,334	2,409	2,206	2,441	28,221	6.1
Total Unbl. Kraft Paperboard	16,368	17,694	1,531	1,546	1,424	1,559	18,118	5.8
Unbl. Kraft Linerboard (1)	15,183	16,390	1,434	1,436	1,310	1,442	16,753	5.8
Production for Export	1,830	2,079	184	172	165	173	2,041	-2.7
Other Unbl. Kraft Paperboard	1,184	1,304	97	110	114	117	1,365	5.3
Semichemical Paperboard	5,088	5,373	438	481	439	491	5,645	8.8
Production for Export	189	212	19	16	19	13	193	5.0
Solid Bleached Paperboard	3,948	4,293	365	382	343	390	4,458	4.2
Production for Export	466	513	44	48	46	59	609	31.5
Recycled Paperboard	7,630	8,143	625	735	689	754	8,710	6.6
Production for Export	26	25	1	2	12	13	112	308.0
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35,503	2,959	3,143	2,887	3,194	36,897	6.1
- Containerboard Prod.(Dom. Use)	20,042	21,558	1,838	1,906	1,731	1,936	22,293	7.3
- Boxboard Prod.(Dom. Use) (2)	5,673	5,938	478	552	482	534	6,271	3.3
- All Other P'bd Prod.(D.U.) (2)	4,808	5,180	395	448	439	466	5,412	5.2
- Total Paperbd Prod. for Export	2,511	2,827	248	237	242	259	2,955	6.6
TOTAL PAPERBOARD PROD.- S.A.			3,340	3,121	3,076	2,985	36,728	6.2
TOTAL PAPER AND PAPERBOARD								
Production - actual	67,076	71,035	5,929	6,221	5,768	6,278	73,067	4.5
Production - S.A.			6,437	6,138	6,077	5,905	72,481	4.5

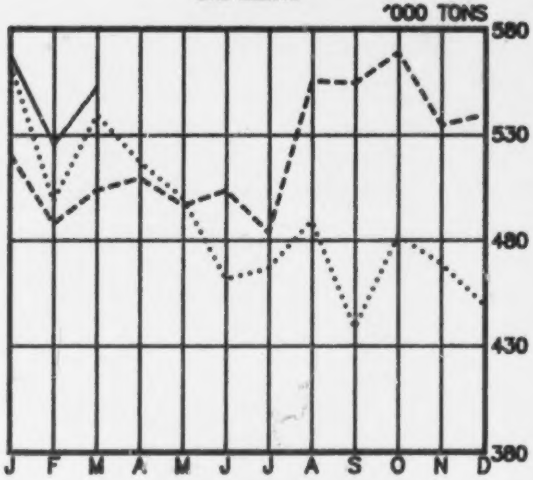
(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted

(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.



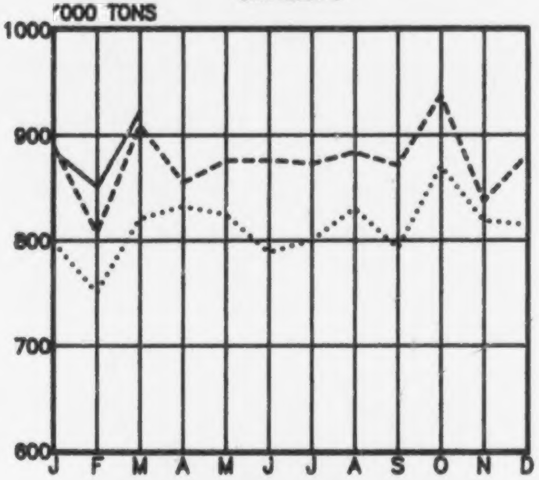
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



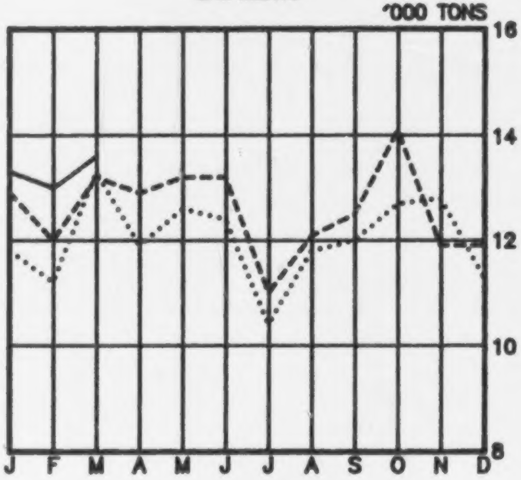
COATED PAPER

SHIPMENTS



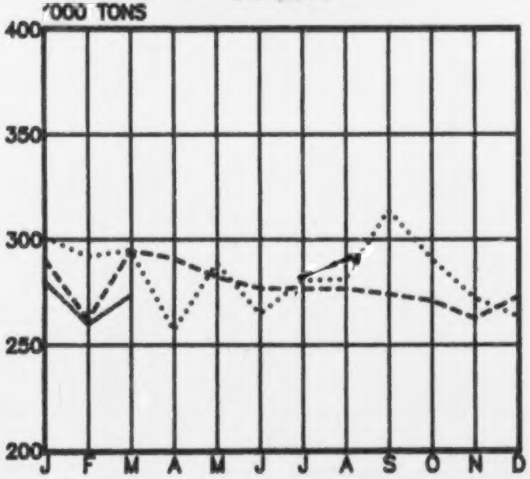
UNCOATED FREE SHEET PAPERS

SHIPMENTS



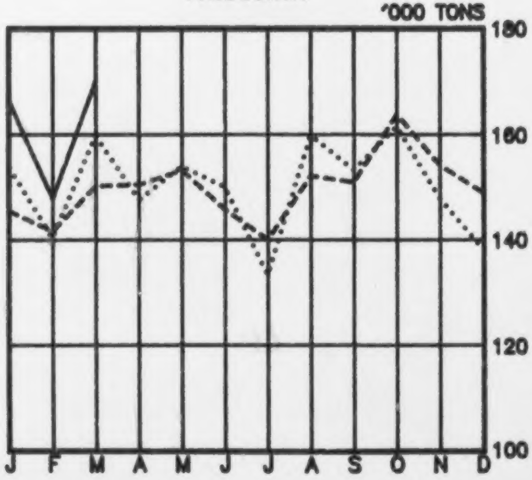
COTTON FIBER PAPER

SHIPMENTS



UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION

1985 .... 1986 - - - - - 1987 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1986	YEAR 1987	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	Production	52,429	57 268	4.757	4 926	5 082	4 622	58 224	5 0
	- Imports	4.466	4.582	467	295	443	392	5,005	16.3
	Exports	3,791	4,458	312	409	306	372	4 068	-4.4
	- New Supply	53,104	57,392	4.912	4,812	5,218	4,642	59 160	6.6
Dissolving Pulp	- Production	1,174	1 258	95	122	108	98	1,240	2.6
	- Imports	175	255	19	18	12	19	183	-29.9
	Exports	631	711	53	66	54	65	712	14 9
	- New Supply	718	801	60	74	66	52	711	-16.3
Paper Grades Chemical Pulp	- Production	41,978	46 333	3.854	3.997	4 113	3 755	47 210	5 0
	- Imports	4,104	4.220	443	271	424	363	4 722	18.4
	- Exports	3 131	3.689	252	340	252	306	3 346	-6 8
	- New Supply	42,950	46,864	4.046	3.928	4.286	3.812	48 585	7.1
Groundwood and Thermo Mech.	- Production	5 251	5.545	464	470	497	443	5 640	5 3
	- Imports	187	108	5	7	7	10	100	85.8
	- Exports	29	59	7	2	1	1	10	-78.5
	- New Supply	5.409	5 594	461	474	503	452	5,729	6.9
Semi-Chemical	- Production	4,027	4,133	345	338	364	326	4,135	4.9
	- Imports								
	Exports								
	- New Supply	4,027	4 133	345	338	364	326	4,135	4.9
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6.800	7,585	593	647	668	595	7 574	4 1
	- Imports	2,791	3,048	261	245	220	224	2,664	-4.9
	- Exports	3,784	4 470	328	295	296	359	3,929	-13.1
	- New Supply	5,807	6 162	526	597	592	460	6,309	13.6
Dissolving Pulp	Production	1,172	1,251	98	95	107	98	1,229	2.4
	- Imports	174	212	16	13	7	17	143	-29.7
	- Exports	667	718	52	49	42	65	640	-3.4
	- New Supply	679	745	62	58	65	40	631	-14.7
Paper Grades Chemical Pulp	- Production	5.613	6,322	494	552	560	495	6,331	4.3
	- Imports	2,531	2,754	241	229	209	205	1,229	-52.0
	- Exports	3.117	3,752	276	246	254	294	3 289	-14 8
	- New Supply	5,028	5,324	459	535	511	201	4,271	-10.5
Groundwood Pulp and All Other	- Production	15	11	1	1	1	1	7	-7 7
	- Imports	86	83	4	2	3	3	36	-0.4
	- Exports	1	0	0	0	0	0	0	0.0
	- New Supply	100	94	5	4	4	3	43	-1.7

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

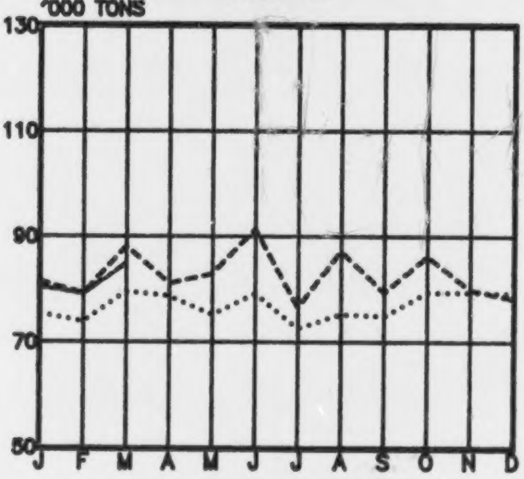
FIBROUS RAW MATERIALS
(Thousands of tons)

	YEAR 1986	YEAR 1987	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	68,899	72,416	6,128	6,016	6.414	5 896	73,864	5.1
Total Wood Pulp	53,276	55,746	4.720	4,667	4,982	4,517	56,995	5.8
Waste Paper	15,623	16.670	1,408	1,349	1.432	1,380	16,869	2.7
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers Own-Use Inventories	165	174	175	174	183	200	200	27.6
Producers' Market Inventories	485	284	353	284	352	338	338	-19.8
Consumers Purchased Inventories	492	569	553	569	530	561	561	4.9
Waste Paper at Paper & Bd. Mills	969	933	878	933	781	769	769	-15.1
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	30	16	21	16	20	19	19	-24.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary, R - Revised, (0) - Indicates zero to five-hundred short tons

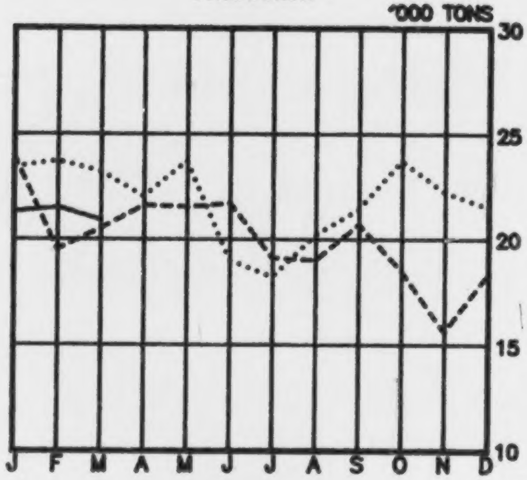
BLEACHED BRISTOLS

PRODUCTION



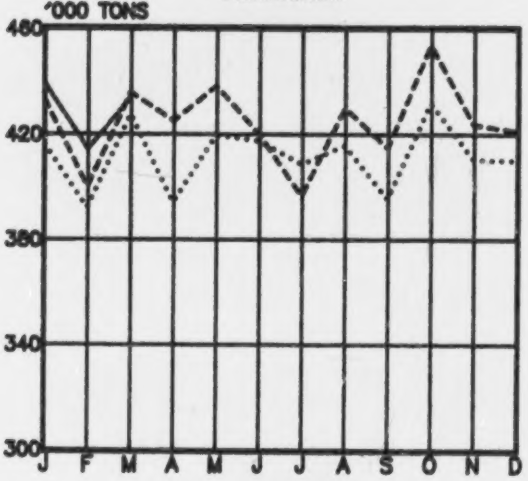
THIN PAPER

PRODUCTION



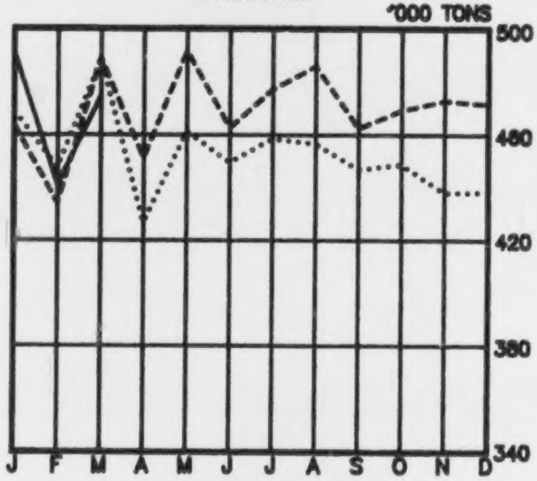
TISSUE PAPER

PRODUCTION



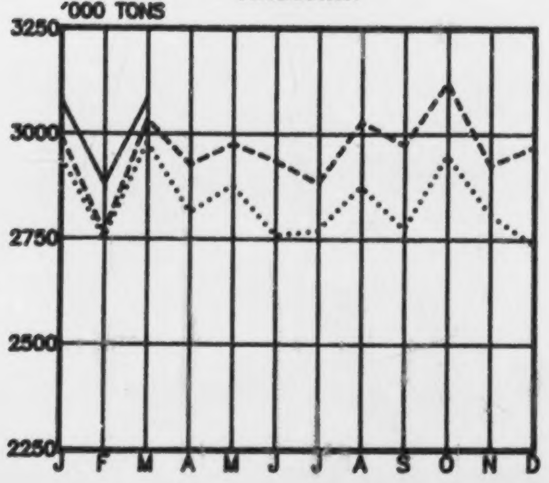
NEWSPRINT

PRODUCTION



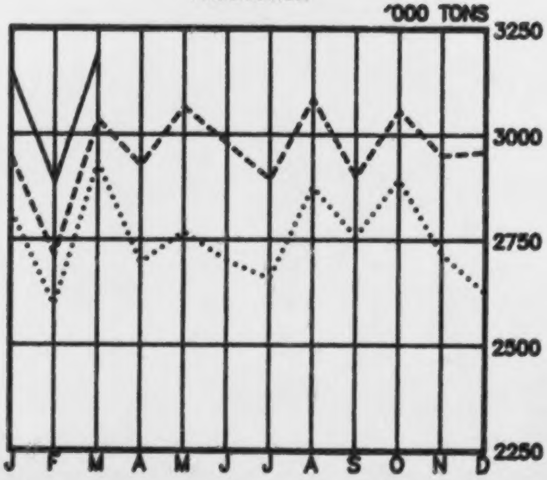
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - -1987 ————

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1986	YEAR 1987	NOVEMBER 1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	85,499	90,943	7,224	7,639	8,074	7,694	94,608	1.3
	- Total Consumpt	85,744	91,434	7,681	7,795	8,049	7,541	93,540	3.0
	- Residues *	30,464	32,755	2,478	2,562	2,734	2,656	32,340	-2.2
	- Inventories	5,046	4,794	4,909	4,794	4,712	4,900	4,900	-15.6
So. Atlantic	- Total Receipts	27,589	29,513	2,349	2,516	2,518	2,439	29,742	-2.0
	- Total Consumpt	27,815	29,425	2,419	2,537	2,577	2,468	30,270	3.1
	- Residues *	7,970	9,343	763	760	785	732	9,102	-5.8
	- Inventories	1,117	994	1,060	994	868	856	856	-29.3
Northeast	- Total Receipts	7,430	7,277	592	636	686	664	8,100	2.2
	- Total Consumpt	7,394	7,227	586	599	666	613	7,674	0.9
	- Residues *	1,539	1,419	112	106	107	180	1,722	29.9
	- Inventories	544	484	447	484	495	542	542	-3.2
South Central	- Total Receipts	29,786	31,790	2,572	2,685	2,851	2,630	32,886	-0.1
	- Total Consumpt	29,914	32,113	2,785	2,806	2,801	2,622	32,538	1.7
	- Residues *	9,207	9,792	788	834	891	801	10,152	4.2
	- Inventories	1,198	926	1,051	926	919	910	910	-35.8
North Central	- Total Receipts	6,430	6,571	515	595	681	640	7,926	6.9
	- Total Consumpt	6,296	6,730	576	559	587	538	6,750	3.4
	- Residues *	1,290	1,042	75	87	87	77	984	-14.1
	- Inventories	884	892	820	892	1,021	1,149	1,149	8.3
West	- Total Receipts	14,264	15,792	1,196	1,207	1,338	1,321	15,954	7.7
	- Total Consumpt.	14,325	15,939	1,315	1,294	1,418	1,300	16,308	6.2
	- Residues *	10,458	11,159	740	775	864	866	10,380	-7.2
	- Inventories	1,303	1,498	1,531	1,498	1,409	1,443	1,443	-7.4

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 30-Apr-87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1986 Tons	YEAR 1986 $000's	JANUARY Tons	1986 $000's	FEBRUARY Tons	1987 $000's	Annual Rate Y-T-D 1987	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	59,490	4,224	222	20	49	4	1,626	-93.1
Pulpwood chips	723,257	19,488	8,082	269	3,556	836	69,828	-91.0
Wood Pulp, Total	3,949,414	1,422,180	424,417	165,309	361,903	147,410	4,717,920	46.9
Waste Fibrous Materials, Total	157,870	27,196	15,853	3,232	12,251	2,158	168,625	1.8
Paper, Board & Products, Total	9,963,486	4,467,761	937,226	441,665	824,653	384,678	10,571,270	8.5
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9,842,154	4,268,820	924,186	419,356	812,870	365,839	10,422,335	8.2
Paper, Paperboard & Products	9,715,710	4,393,592	917,774	436,095	806,141	379,161	10,343,487	8.7
Paper & Paperboard, Only	9,594,378	4,194,651	904,734	413,786	794,358	360,321	10,194,551	8.3
Paper, Total	9,367,380	4,130,464	881,728	406,957	774,422	354,400	9,936,898	7.7
Newsprint	8,269,333	3,556,983	776,092	351,692	672,891	300,664	8,693,898	6.2
Printing, Writing & Rel. Pap.	868,628	457,685	80,932	43,382	79,402	42,572	962,003	16.4
Pack. & Ind. Conv. Paper	182,481	81,492	21,748	9,568	18,546	8,376	241,765	40.7
Special Industrial Paper	4,766	7,893	532	795	607	1,033	6,834	45.4
Tissue Paper	42,173	26,411	2,424	1,521	2,975	1,756	32,398	-3.0
Paperboard, Total	226,998	64,187	23,006	6,829	19,936	5,920	257,654	40.0
Convtd Paper&Paperbd Products	121,332	198,941	13,040	22,309	11,783	18,840	148,936	36.7
Wet Machine Board	2,332	1,570	181	132	271	195	2,714	14.0
Construction Paper & Board	245,444	72,599	19,271	5,438	18,241	5,323	225,070	2.8

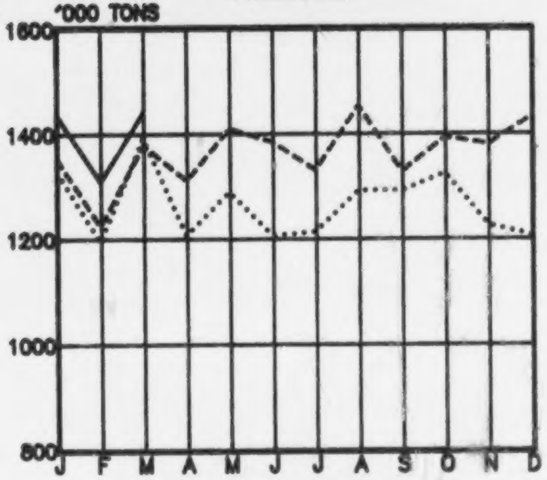
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	39,191	2,201	0	0	0	65	0	-100.0
Pulpwood chips	262,844	13,577	2,789	158	13,477	800	97,596	576.9
Wood Pulp, Total	262,353	76,591	12,952	4,539	15,850	6,079	172,812	-43.9
Cotton Pulp & Other Pulp	33,629	10,458	2,777	1,167	3,211	912	35,928	35.3
Waste Paper	226,215	23,254	19,866	1,765	16,283	1,665	216,894	20.9
Paper, Board & Products, Total	846,141	464,795	71,553	42,211	67,829	45,352	836,292	-11.6
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	691,355	315,820	55,795	27,851	52,358	30,747	648,917	-16.2
Paper, Paperboard & Products	816,282	452,239	68,941	40,883	65,373	44,168	805,882	-12.2
Paper & Paperboard, Only	661,496	303,265	53,183	26,523	49,902	29,564	618,506	-17.1
Paper, Total	278,911	200,168	29,742	18,224	23,570	19,378	319,873	2.4
Newsprint	6,040	4,457	586	337	288	207	5,238	89.3
Printing, Writing & Rel. Pap.	121,167	99,480	12,296	9,257	12,150	9,248	146,679	18.4
Pack. & Ind. Conv. Paper	25,614	16,467	2,262	1,312	2,468	1,428	28,378	-12.1
Special Industrial Paper	122,874	75,189	14,381	6,937	8,408	8,035	136,735	-9.5
Tissue Paper	3,217	4,577	218	381	256	461	2,842	12.8
Paperboard, Total	382,584	103,096	23,441	8,300	26,332	10,186	298,634	-31.2
Convtd Paper&Paperbd Products	154,786	148,975	15,758	14,360	15,471	14,604	187,375	9.1
Wet Machine Board	10,728	4,638	1,241	552	723	414	11,780	111.3
Construction Paper & Board	19,132	7,918	1,372	776	1,733	769	18,630	-18.0

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 30-Apr-87

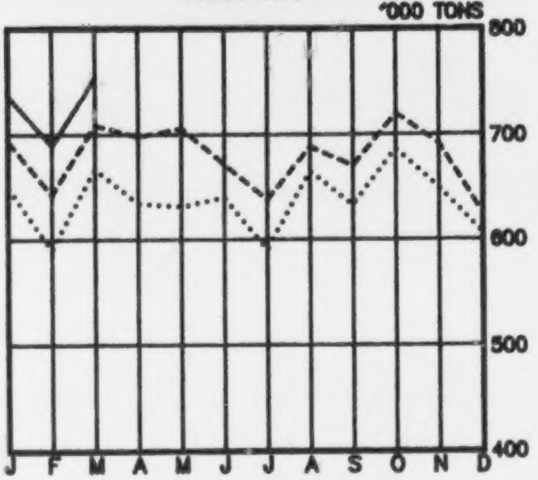
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



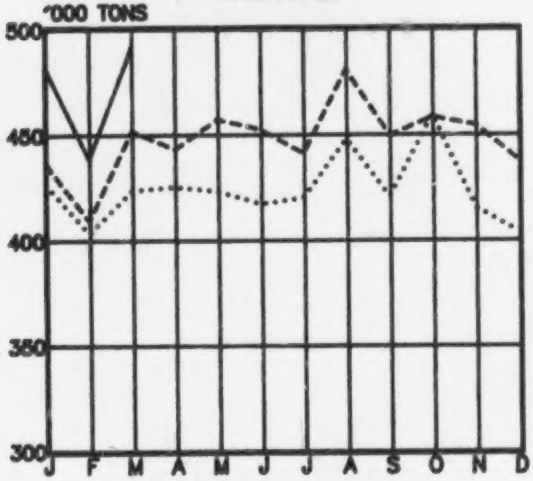
RECYCLED PAPERBOARD

PRODUCTION



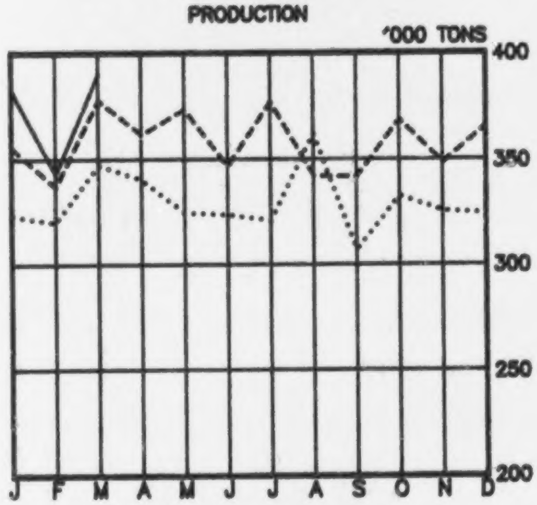
SEMICHEMICAL PAPERBOARD

PRODUCTION



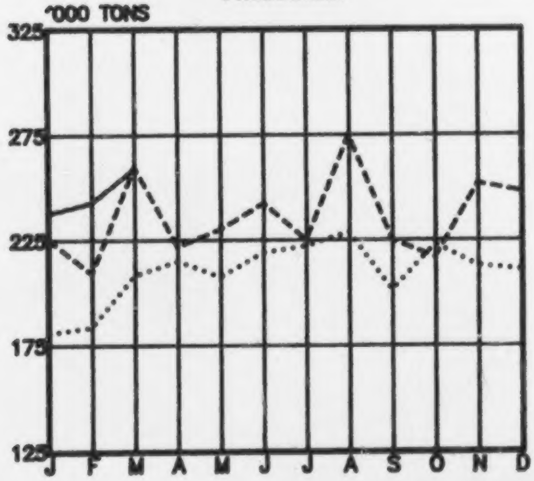
SOLID BLEACHED PAPERBOARD

PRODUCTION



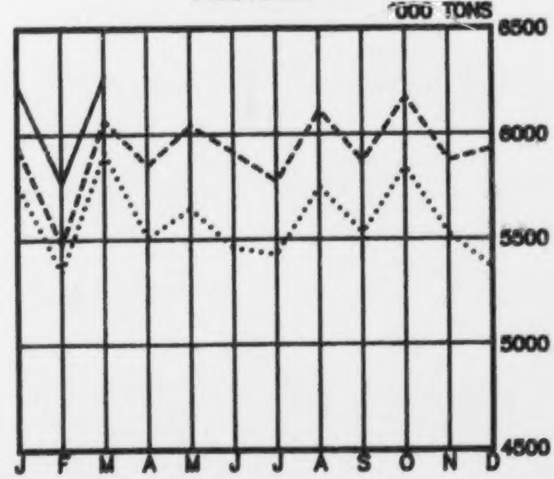
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - -1987 ———

PULP PAPER AND PAPERBOARD IMPORTS AND EXPORTS DATA

IMPORTS

	YEAR 1986 Tons	$000	1987 JANUARY Tons	JANUARY $000	1987 FEBRUARY Tons	FEBRUARY $000	(1) Annual Rate YTD 1987 Tons	% Change from same Period Last Year
Pulpwood Roundwood (cords)	60,850	4,563	248	25	49	4	1,782	-92.4
Pulpwood Chips	724,828	19,642	8,139	278	33,618	842	250,542	-67.7
Total All Imports	16,722,494	7,674,736	1,556,541	745,685	1,399,368	687,593	17,735,458	9.7
Wood Pulp Total	4,581,760	1.601,378	442,553	172,220	391,567	159,954	5,004,720	16.3
Waste Paper	99,313	11,182	8,385	1,115	8,013	1,080	98,388	22.0
Other Fibrous Materials	104,969	26,326	8,933	2,783	5,224	1,766	84,939	-19.0
Paper Board & Products Total	11,986,452	6,035,850	1,096,671	569,566	994,564	524,793	12,547,411	7.4
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,546,545	5,247,129	1,062,369	499,957	960,394	452,220	12,136,572	6.8
Paper Ppbd & Prds ex Cnst&WMB	11,596,808	5,928,457	1,070,546	561,941	969,788	516,809	12,242,005	7.4
Paper & Paperboard Only	11,206,901	5,139,735	1,036,244	492,332	935,618	444,236	11,831,167	6.8
Paper Total	10,925,453	5,051,917	996,356	478,905	903.518	433,745	11,399,246	4.9
Newsprint	8,587,507	3,682,351	792,191	358,641	696,106	310,385	8,929,782	4.1
Printing & Writing	2.029,302	1,179,802	170,569	100,573	174,626	104,491	2,071,167	5.3
Uncoated Groundwood	1,028,231	531,149	78,486	40,348	95,555	49,790	1,044,248	8.1
Coated Print.& Impreg. Pap.	501,382	359,495	48,001	33,673	47,883	34,415	575,304	23.9
Uncoated Free Sheet	453,638	254,627	37,962	22,123	27,678	16,928	393,837	-19.8
Uncoated Book	223,798	126,278	14,698	8,481	13,601	7,641	169,791	-28.9
Writing and Similar Paper	229,841	128,349	23,264	13,642	14,077	9,288	224,046	-11.2
Thin (except Cigarette)	45,351	33,831	6,034	4,329	3,432	3,279	56,800	27.3
Bristols	700	700	86	100	77	79	978	168.1
Total Pkg & Other Paper	242,571	146,212	28,681	16,124	27,971	15,567	339,911	37.8
Unbleached Kraft Paper	115,008	42,650	15,741	6,211	13,441	5,501	175,095	93.5
Other Pkg. & Indust. Paper	127,562	103,562	12,940	9,914	14,530	10,067	164,816	5.5
Tissue	66,073	43,552	4,916	3,567	4,816	3,302	58,386	-23.0
Paperboard, Total	281,448	87,818	39,888	13,427	32,099	10,490	431,921	103.9
Test or Containerboard	78,063	25,596	8,414	2,731	7,037	2,372	92,708	47.2
Semi-Chemical Corrugating	99,062	22,092	11,060	2,742	10,507	2,728	129,397	83.0
Other Paperboard	104,324	40,130	20,414	7,955	14,555	5,391	209,816	168.7
Convtd Paper&Paperbd Products	389,907	788,721	34,302	69,609	34,171	72,573	410,839	30.6
Paper Products, Total	361,517	730,257	31,349	63,349	31,371	67,272	376,318	29.6
Paperboard Products, Total	28,390	58,464	2,953	6,260	2,800	5,301	34,520	42.5
Wet machine Board	3,235	2,525	208	170	311	246	3,110	11.7
Construction Paper & Board	336,409	104,868	25,917	7,455	24,466	7,738	302,296	7.0
Notes								
Other: No Weight Avail. ($000)		212,338		15,425		15,822	187,478	-1.3
Total Imports Incl. Other($000)		7,887,074		761,110		703,415	6,787,147	18.3

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	42,190	2,373	0	0	2,000	106	12,000	-38.4
Pulpwood Chips	2,428,333	170,022	121,122	9,523	212,688	14,988	2,002,860	1.4
Total All Exports	13,196,245	4,694,705	1,063,763	411,640	1,120,592	447,153	13,106,131	6.5
Wood Pulp, Total	4,458,312	1,662,466	306,323	131,780	371,753	164,890	4,068,456	-4.4
Cotton Pulp and Other Pulp	157,452	72,500	13,329	6,611	11,078	6,288	146,442	-28.2
Waste and Old Paper	3,748,711	411,076	323,479	38,107	315,135	38,187	3,831,684	10.0
Paper, Board & Products, Total	4,831,770	2 548,663	420,632	235,142	422,626	237,788	5,059,549	15.9
Paper, Paperboard, Wet Machine Bd. & Construction Paper & Board	4,305,273	1,862,874	366,295	173,299	368,522	173,463	4,408,903	14.5
Paper, Ppbd & Prod ex Cnst&WMB	4,737,728	2,496,766	409,811	229,110	415,118	233,895	4,949,572	16.1
Paper & Paperboard, Only	4,211,231	1,810,976	355,474	167,268	361,014	169,570	4,298,926	14.7
Paper, Total	883,662	642,597	74,315	53,799	67,183	56,227	848,986	4.1
Newsprint	392,228	194,549	28,898	15,837	27,944	15,945	341,048	12.7
Printing & Writing	190,656	185,271	16,928	16,045	17,161	16,742	204,534	2.6
Uncoated Groundwood	40,847	28,947	4,242	2,707	3,037	2,198	43,676	-0.6
Clay Coated Paper	78,248	57,856	6,550	4,418	7,229	5,073	82,676	-3.8
Uncoated Free Sheet	50,140	71,354	4,695	6,763	4,564	6,842	55,554	2.4
Other Printing & Writing	21,420	27,114	1,442	2,158	2,330	2,629	22,628	49.4
Total Pkg. & Other Paper	284,021	241,426	26,948	19,879	20,760	21,880	286,249	-5.2
Unbleached Kraft	78,248	32.009	6,085	2,679	6,119	2.730	73,221	11.8
Other Pkg. & Indust. Paper	205,773	209,417	20,863	17,200	14,642	19,150	213,028	-9.9
Tissue	16,758	21,351	1,541	2,038	1,319	1,660	17,155	46.2
Paperboard, Total	3,327,568	1,168,379	281,159	113,469	293,831	113,344	3,449,940	17.6
Solid Wood Pulp	3,007,372	1,084,112	258,956	105,011	277,229	106,189	3,217,109	25.3
Total Linerboard	2,195,951	642,137	175,816	59,346	208,763	69,032	2,307,476	23.7
Bleached Kraft Linerboard	133,787	51,448	3,755	2,271	3,417	2,358	43,030	-68.4
Unbleached Kraft Linerbd	2,062,164	590,688	172,062	57,074	205,346	66,674	2,264,446	31.0
Other Unbleached Kraft	157,614	57,548	20,605	7,314	11,668	4,251	193,642	26.6
Other Bleached Kraft	577,166	362,715	54,130	35,566	52,045	31,418	637,048	35.2
Semi-Chemical Corrugating	76,641	21,713	8,405	2,787	4,752	1,487	78,944	0.1
Recycled Paperboard	320,196	84,268	22,203	8,458	16,602	7,154	232,831	-36.4
Convtd Paper&Paperbd Products	526,497	685,789	54,337	61,843	54,104	64,325	650,646	26.6
Paper Products, Total	240,171	456,429	21,599	37,404	22,248	41,540	263,081	13.9
Paperboard Products, Total	286,327	229,360	32,738	24,439	31,856	22,784	387,565	37.0
Wet Machine Board	18,893	7,259	2,336	962	1,560	735	23,375	41.1
Construction Paper & Board E	75,149	44,639	8,485	5,069	5,948	3,158	86,601	3.0
Notes								
Other: No Weight Avail. ($000)		7,298		477		519	5,974	-26.9
Total Exports Incl. Other($000)		4,702,003		412,117		447,671	5,158,727	25.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1985	1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	MARCH 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	300.6	303.4	306.6	307.3	305.8	6.0
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.5	295.9	302.4	305.2	338.4	308.9	307.5	5.6
Total Wood Pulp	346.6	358.7	387.4	397.1	396.1	407.4	400.2	19.8
Total Paper	303.4	306.3	313.4	315.2	318.1	312.9	315.4	4.6
Total Paper, exc. Newsprint	298.8	300.4	307.0	309.0	310.3	302.3	307.2	4.0
Newsprint	332.9	326.1	333.6	340.5	343.3	342.2	342.0	5.4
Total Paperboard	274.6	271.9	278.7	286.0	290.2	292.6	289.6	9.0
Total Paper and Paperboard *	294.4	295.4	302.5	306.0	309.4	306.5	306.0	5.9
Converted Products	288.1	289.3	294.1	295.8	298.8	300.7	298.4	4.4
Waste Paper	148.8	172.8	192.4	194.6	201.5	213.3	203.1	50.3
All Commodities	308.9	299.8	298.1	300.9	302.7	302.8	300.9	-0.8
Industrial Commodities	324.0	312.1	309.3	313.6	315.7	315.8	315.0	-1.3

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

TABLE A

MEASURES OF NEWSPAPER ACTIVITY GROWTH
(percent change from prior year)

	U.S. Newsprint Consumption	Real Newspaper Advertising Revenues	Newspaper Circulation Daily	Newspaper Circulation Sunday
1981	0.8%	0.2%	-1.3%	0.9%
1982	-0.6	-2.6	1.8	2.0
1983	4.8	5.0	0.2	0.7
1984	8.0	5.8	0.8	1.4
1985	1.4	-0.5	-0.5	2.3
1986	3.0	1.6	-0.5	4.6

Sources: API; Newspaper Advertising Bureau, and American Newspaper Publishers Association.

TABLE B

NEWSPAPERS' SHARE OF TOTAL REAL AD REVENUES
(millions of '82 dollars)

	Newspaper Ad Revenues	Total Ad Revenues	% Newspaper
1980	$18,130	$65,867	27.5%
1981	18,163	66,407	27.4
1982	17,694	66,580	26.6
1983	18,576	70,822	26.2
1984	19,651	76,632	25.6
1985	19,557	77,410	25.3
1986	19,874	79,324	25.1

Source: McCann Erickson data as deflated by API

TABLE C

NEWSPAPER AD REVENUES
(billions of current dollars)

	National	Retail	Classified	Total
1980	$1.963	$8.609	$4.220	$14.792
1981	2.258	9.686	4.583	16.527
1982	2.452	10.390	4.852	17.694
1983	2.734	11.841	6.006	20.581
1984	3.081	12.784	7.657	23.522
1985	3.352	13.443	8.375	25.170
1986	3.375	14.311	9.303	26.990

Source: Jim Conaghan Newspaper Ad Bureau

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

APRIL 28, 1987

PRODUCTION (000 TONS)

	MARCH 1987	FEBRUARY 1987	MARCH 1986	% CHANGE MAR87/MAR86	FIRST THREE MONTHS 1987	FIRST THREE MONTHS 1986	% CHANGE YR TO DATE 1987/1986
PAPER GRADES							
Newsprint	475	441	489	-2.9	1,406	1,386	1.4
Printing & Writing	1,730	1,618	1,663	4.1	5,051	4,845	4.2
Uncoated Groundwood (s)	134	128	127	5.9	396	374	6.1
Coated Paper (s)	553	526	504	9.7	1,646	1,512	8.9
Uncoated Free Sheet Paper (s)	923	851	910	1.5	2,659	2,608	2.0
Thin Paper (s)	21	22	21	1.7	64	64	-0.3
Cotton Fiber Paper (s)	14	13	13	3.0	40	38	4.6
Bleached Bristols (s)	85	79	88	-3.6	245	249	-1.7
Tissue Paper	435	414	437	-0.6	1,288	1,270	1.4
Total Pkg & Other Paper	444	408	445	-0.2	1,298	1,289	0.7
Unbleached Kraft Packaging & Indl. Converting (s)	274	260	290	-5.5	814	840	-3.1
Other Paper	170	148	150	13.4	484	437	10.7
TOTAL PAPER	3,083	2,882	3,034	1.6	9,042	8,789	2.9
PAPERBOARD GRADES							
Unbleached Kraft Paperboard	1,559	1,424	1,496	4.2	4,529	4,282	5.8
Unbleached Kraft Linerboard	1,442	1,310	1,380	4.5	4,188	3,958	5.8
Other Unbl. Kraft Paperboard	117	114	116	0.9	341	324	5.3
Semichemical Paperboard	491	439	452	8.7	1,411	1,297	8.8
Bleached Paperboard	390	343	378	3.3	1,115	1,069	4.2
Recycled Paperboard	754	689	708	6.4	2,177	2,042	6.6
TOTAL PAPERBOARD	3,194	2,887	3,034	5.3	9,224	8,691	6.1
TOTAL PAPER AND PAPERBOARD	6,278	5,768	6,068	3.5	18,267	17,480	4.5

WOOD PULP (ALL GRADES)	FEBRUARY 1987	JANUARY 1987	JANUARY 1986	2 Months 1987	2 Months 1986	% Change 1987/1986
Dissolving & Special Alpha	98	108	95	207	201	2.6
Bleached Sulfite	99	115	111	214	231	-7.3
Unbleached Sulfite	13	15	27	27	28	-2.5
Bleached & Semi-Bl. Sulfate	1,984	2,144	1,894	4,129	3,922	5.3
Unbleached Sulfate	1,659	1,839	1,559	3,498	3,313	5.6
Semichemical	326	364	311	689	657	4.9
Groundwood & Thermomechanical	443	497	425	940	893	5.3
TOTAL PULP DIVISION DATA	4,622	5,082	4,421	9,704	9,246	5.0

(s) - Shipments   R - Revised
P - Preliminary

April 30, 1987	Full Year		INDUSTRY DATA 1986 - 1987			Ann. Rate Year - To - Date	% From Same Pd. Last Year
				R	P		
PAPER AND PAPERBOARD -- Tons (000)	1985	1986	January	February	March	1986	
Total Production (API)° : excluding :	67,076	71,035	6221	5768	6278	73,066	4.5
Total Seasonally Adjusted : construction :			6139	6077	5905	72,481	4.5
Imports (including Products) and wet : E	11,106	11,597	1071	970	980	12,081	6.2
Exports (including Products) : machine : E	4 009	4,738	410	415	425	5,000	11.0
Apparent Consumption : grades :	74,173 a	77,894 b	6,799	6,631	6 460	79,563 c	4.4
Paper Production % Tonnage Capacity	90.6 g	93.3 g	92.7	95.0	91.9	93.6 gh	-
Paperboard Production % Tonnage Capacity	90.0 g	94.6 g	96.2	98.1	98.3	97.8 g	-
			December	January	February		
IMPORTS : Including Construction and :	11,521	11,936	653	1097	995	12,548	7.4
EXPORTS WMB Grades (excl. HPB) :	4,077	4,832	454	421	423	5,059	15.9
			December	January	February		
MARKET WOOD PULP PRODUCTION - Tons (000)	6,797	7,585	694	668	595	7,574	4.1
TOTAL WOOD PULP PRODUCTION - Tons (000)	54,141	57,277	4,926	5082	4622	58,224	4.9
WOOD PULP IMPORTS - TONS (000)	4,366	4 582	295	443	392	5,005	16.3
WOOD PULP EXPORTS - TONS (000)	3,791	4,458	409	306	372	4,068	-4.4
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			December	January	February		
Wood Pulp : consumption for :	53,276	55,746	4,667	4982	4517	56,994	5.8
Waste Paper : construction & :	15 623	16,670	1,349	1432	1380	16,872	2.7
TOTAL : WMB grades :	68,899	72,416	6,016	6414	5897	73,866	5.1
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	7,795	8049	7541	93,540	3.0
EMPLOYMENT (000)			December	January	February		
Paper and Allied Products Total	683.2	690.0	696.8	690.3	689.7	690.0	1.0
Pulp, Paper and Board Mills Total E	253.5	252.2	253.2	251.1	250.8	251.0	-0.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products	10.82	11.14	11.24	11.17	11.18	11.17	1.4
Pulp, Paper Mills E	13.11	13.58	13.70	13.60	13.58	13.59	1.9
Paperboard Mills E	13.60	14.01	14.19	14.00	14.03	14.03	1.5
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q4	1987 Q1	1987 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.76	8.69	8.69	8.69	8.51 y	-2.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100)			January	February	March		
:IN PULP, PAPER :...Production Workers	127.3	134.5	140.5	144.1	142.5	142.4	8.5
:AND BOARD MILLS:...All Employees	126.2	134.1	139.7	141.5	139.8	140.3	7.0
PAPER AND ALLIED PRODUCTS (Million $)			January	February	March		
Industry Shipments (Dept. of Commerce)*	97,664	109,582	9276.0	9485.0	9396.0	112,628	9.2
Pulp, Paper and Paperboard*	41,830	46,632	4136.0	4044.0	3967.0	48,588	11.5
Inventories (End of Period) - Total Industry*	9,728	10,250	10555.0	10684.0	10827.0	10,827	10.8
Pulp, Paper and Paperboard*	3,800	4,078	4098.0	4178.0	4166.0	4,166	5.9
			1986 Q2	1986 Q3	1986 Q4		
Sales (Corporations Only)	71,465	74,896	18,470	18904	19947	N.A.	N.A
Earnings (Corporations Only)	2,880	3,293	922	824	958	N.A.	N.A
Depreciation (Corporations Only)	3,099	3,389	843	843	883	N.A.	N.A
Net Worth (Corporations Only)	29,694	31,254	30,646	31075	31254	N.A.	N.A
PRICE INDEXES (Bureau of Labor Stats)1967=100			January	February	March		
Pulp, Paper & Products, ex. Building Grades	292.0	294.0	303.4	306.6	307.3	305.8	6.0
Wood Pulp	346.6	358.3	397.1	396.1	407.4	400.2	19.8
Waste Paper	148.8	172.8	194.6	201.5	201.5	199.2	47.4
Paper	303.4	306.3	315.2	318.1	318.1	317.1	5.2
Paperboard	274.6	272.2	286.0	290.2	290.2	288.8	8.7
PAPER DEMAND (INDEXED: 1977=100)			January	February	March		
Total Paper Production *	123.0	128.4	130.7	130.0	126.5	129.1	2.9
Paper New Supply *	128.8	133.9	137.3	135.2	132.9	135.2	3.0
Demand Indicators - (Weighted Average) *	141.6	148.8	151.7	151.7	151.4	151.6	4.4
Production of Nondurable Goods *...(21.2%)	125.3	130.9	134.2	134.3	133.8	134.1	4.3
Disposable Income *.(23.9%)	126.8	131.4	131.2	133.1	133.4	132.6	2.3
Total Printing and Publishing *...(54.9%)	154.3	163.3	167.4	166.6	166.1	166.7	5.2
Trend Factor	----	----	----	Not Available	----	----	----
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *	114.3	122.9	129.4	127.5	123.7	126.8	6.2
Production for Domestic Use	112.8	120.8	127.6	125.4	120.6	124.5	6.1
Demand Indicators - (Weighted Average) *	120.1	122.1	123.7	124.4	123.8	124.0	2.0
Production of Consumer Goods *...(62.06%)	120.5	124.5	126.2	127.2	126.5	126.6	3.0
Production of Equipment *...(5.75%)	146.4	142.8	142.3	144.2	144.0	143.5	-1.1
Production of Materials *...(32.19%)	114.5	113.9	115.7	115.5	115.1	115.4	0.8
Trend Factor	----	----	----	Not Available	----	----	----
NEWSPRINT MARKETS			December	January	February		
Consumption by Publishers - Tons (000)	12,773	13,157	1,112	1,001	1,000	18,843	58.4
Newspaper Pub. and Printing Empl. Total(000)	454	461	466	451	461	456	-0.8
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)	155,545	153,088	13,624	9,000	12,028	126,171	-2.9
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	34,635	38,536	3,425	3,392	3,061	38,718	5.1
Inventories (End of Period)	3,087	3,411	3,411	3,309	3,331	3,331	6.2
FIBRE BOX DATA (Fibre Box Association)			January	February	March		
Fibre Box Shipments (Million square feet)	267,451	283,921	24,786	22,835	24,755	289,504	5.3
Container'bd Inventory at Mill & Plant(000Tons)	2,549	2,186	2,340	2,391	2,404	2,404	-4.5
RETAIL TRADE (Million $)			January	February	March		
Total Retail Sales *	1,372,853	1,445,568	118,579	124,412	124,669	1,470,640	4.7
Nondurable Goods Stores Sales *	859,316	882,505	74,813	76,731	76,815	913,436	3.9
GENERAL ECONOMIC DATA			January	February	March		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*	124.2	125.1	126.5	127.1	126.7	126.8	1.4
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100)	308.7	299.8	300.9	302.7	302.8	302.1	-0.8
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)	322.2	328.4	331.1	334.4	335.9	333.8	2.0
			December	January	February		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)	550	543	603.2	580.4	576.0	576.0	8.6
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)			1986 Q3	1986 Q4	1987 Q1		
G.N.P. or Expenditure - Current $	3998.1	4206.1	4240.7	4258.7	4339.2	4,339	4.6
G.N.P. or Expenditure - 1982 $	3585.2	3675.0	3686.4	3696.1	3735.2	3,735	2.2

	lb/capita			
	Pap&Papbd	Othr	Totl	Popul(mil)
.a -	620 +	18 =	638	239.3
.b -	645 +	17 =	662	241.5
.c -	651 +	17 =	668	244.5

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
j - Census unpublished data: standard dev. = 6-8%
h - Adjusted to Conform with API Division data
j - Census unpublished data: standard dev. = 6 - 8%
Q - Quarter

R - Revised
y - Full year estim. by U.S. Dept. of Com.

* - Seasonally Adjusted.

U.S. currency. Imports of paper and allied products from Canada in this two-month period rose 8.6% from their year-ago level, while imports from overseas sources rose by 1.9%.

Imports of coated papers were particularly strong, even while shipments of these papers from domestic mills increased. The two-month 1987 total of these imports gained 24% from their year-ago levels, bringing the rate to 575,000 tons per year. Imports of uncoated free sheet papers, by way of contrast, fell by 20%. Imports of unbleached kraft papers nearly doubled, coming in at a rate of 175,000 tons per year. Similarly, imports of paperboard more than doubled, moving above 400,000 tons per year.

Wood pulp imports rose 16% in this period, compared to a 2.6% gain from 1985 to 1986.

The gain in exports, however, was far stronger than that of imports, reflecting the impact of the lower dollar in foreign markets. Total tonnage exports of paper, paperboard and products rose 16%, reflecting an 18% gain in paperboard, a 27% gain in products, and a 4% gain in paper. The value of exports rose by 25%, reflecting the strength of the export markets. Total exports of wood pulp declined 4.4% during January-February of 1987, as compred with their year-ago level. They previously rose 18% from 1985 to 1986.

Statistical note: Table 9 and the above text reflect the Department of Commerce's revisions of the January 1987 import and export data.

SALES AND EARNINGS

Data on sales and earnings reported by 22 paper and allied products companies for the first quarter of 1987 reflect the strong markets evident during this period. Total sales of these companies rose by 16%, while after-tax profits gained 81%. This brought the rate of after-tax profits to sales to 5.4% in the 1987 quarter, compared to 3.5% in the year-earlier period. The current rate is consistent with that which prevailed prior to the 1982 recession.

CAPITAL EXPENDITURES

Recently-released data on expenditures for new plant and equipment show that paper and allied products companies spent a record-high $8.76 billion for such purposes in 1986, about 2% above the previous high of $8.59 billion spent in 1985. Paper was one of the few industries to show gains. The Survey also showed that paper companies will continue to spend near-record amounts on new plant and equipment in 1987, with the total projected at $8.51 billion. Studies by the A.P.I. indicate that the greater part of these expenditures are now aimed at productivity improvement and similar cost-containment projects, with a relatively smaller directed toward plant expansion. As the

A.P.I. November 1987 capacity survey indicated, total paper and paperboard capacity will rise at about a 2% per year rate during 1987 and 1988.

NEWSPAPER ADVERTISING/CIRCULATION TRENDS

Real newspaper advertising revenues grew 1.6% last year, according to data compiled by the Newspaper Advertising Bureau and deflated by API. That gain was about in line with the 1.5% average rate of increase recorded between 1980 and 1985, but it followed three years of sharp volatility during which time real newspaper ad revenues spurted 5.0% in 1983, 5.8% in 1984, and then weakened 0.5% in 1985. Fluctuations in newspaper circulation and newspaper advertising linage contribute to short-term variations in newsprint demand. (See Table A, page 10)

Although newspapers have remained the leading medium in terms of advertising revenues, their share of overall media advertising revenues has contracted during recent years. While newspapers accounted for 27.6% of total current-dollar media advertising revenues in 1980, their share declined to 26.4% by 1986. Because newspaper advertising rates rose more substantially than overall media rates since 1980, the erosion in market share was even more severe when measured in constant 1982 dollars. Specifically, newspapers' share of total real advertising revenues contracted from 27.5% in 1980 to 25.1% in 1986. These setbacks occurred at a time when the combined real market share of the print media rose from 51.6% to 53.6%, mainly on strength of rapid gains in direct mail advertising. (Table B, page 10)

The major components of newspaper advertising have not grown in tandem during recent years. For instance, the share of newspaper ad revenues generated by classified ads rose from 28.5% in 1980 to 34.4% in 1986, while the national and retail categories contracted in relative importance. Free-standing preprints, or inserts as they are more commonly known, also exhibited rapid growth, averaging 9.6% a year between 1981 and 1985. There were 45.4 billion inserts printed in 1985, according to the Newspaper Advertising Bureau, and they accounted for nearly 17% of total newspaper advertising revenues, up from a 13.8% share in 1981.

Along with advertising, circulation is another very important driving force with respect to newsprint demand. (Table A, page 10) Daily circulation has been on a fairly level trajectory since the early 1970's, but declined 0.5% in 1985 and 0.4% last year, according to the American Newspaper Publishers Association. In contrast to daily newspaper sales, Sunday circulation has been gaining ground, increasing an average of 1.5% a year between 1980 and 1985 and a robust 4.6% last year.

Modest circulation growth in conjunction with lineage gains has kept newsprint consumption on an uphill trajectory. Overall, U.S. newsprint consumption rose at the average annual rate of 2.84% a year between 1980 and 1986, to 13,153,000 short tons. Last year's gain in newsprint consumption measured a slightly above-trend 3.0%. These newsprint consumption gains compare favorably with real GNP growth, which measured 2.4% a year between 1980 and 1986 and 2.5% in 1986.

6/15/87 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 5 MAY 1987

PAPER AND PAPERBOARD PRODUCTION: HOLDING STEADY AT HIGH LEVELS

The seasonally adjusted rate of paper and paperboard production in April 1987 held close to the first quarter rate of 72 million tons per year. The four-month totals showed paper, at 35.7 million tons per year, 2.5% ahead of its year-earlier level; paperboard, at 36.7 million tons per year, up 5.7%.

PAPER TRENDS

Among the paper grades, the major gains were evident in the printing-writing and other packaging and industrial converting grades. In the first four months of 1987, total printing and writing paper shipments rose 4% from their year-ago level, while the other packaging papers showed a 9% increase. (See table on page 3.)

Shipments of coated papers were particularly strong in this period, rising 7.9% from their year-ago level. Further, new orders for coated papers surged sharply upward in April and early May, bringing unfilled orders to their highest level for the year. Most of the gain stemmed from the strong demand for these papers from commercial printers and label and wrap manufacturers. Coated paper demand by magazine and book publishers held close to their year-ago levels, while shipments to other periodicals increased moderately.

Along with the increase in demand for domestically-produced coated papers, imports also advanced, rising 29% from their year-ago level during the first three months of this year, to account for about 8% of the total new supply. Most of the increase in foreign supplies came from Canada. Exports of coated papers held close to their year-ago level during the first quarter.

Shipments of uncoated free sheet papers, at 10.6 million tons per year, were ahead of their year-ago total. The 1986 and year-to-date 1987 data on shipments of these papers have been revised slightly downward, reflecting a shift of photographic papers to the special industrial papers category (included with other papers in the table on

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page 3). Shipments of the other printing-writing papers were also revised slightly, reflecting the results of the Printing-Writing Paper Division's annual re-survey of these shipments.

Demand for uncoated free sheet papers in office reprographics applications was particularly strong during early 1987, with solid, but somewhat smaller gains evident in demand by commercial printers and business forms converters. Imports, at 407,000 tons per year, were down, with the first quarter 1987 total some 16% below its year-ago level. Exports, at 35,000 tons per year, showed a 6% gain.

Among the remaining grades, newsprint and tissue paper production held rather close to their year-ago levels, but production of kraft papers declined by 4.4%. The setbacks were concentrated in the bag and sack markets; shipments of unbleached kraft multiwall bag papers gained 10%, moving to a three-year high. At the same time, both imports and exports of kraft papers have been rising: at 166,000 tons per year, imports gained 11% from their year-ago level in the first quarter of 1987, while exports, at 85,000 tons per year, rose 33%.

PAPERBOARD TRENDS

The gains in paperboard production were distributed throughout the grade structure. In market terms, demand for containerboard for domestic use rose by 5.8%, reflecting the strong demand for corrugated shipping containers. Inventories of containerboard at mills and plants fell further during April, with the total representing about 5.1 weeks of supply, which is near its historical lower range.

Exports of paperboard, at 3 million tons per year, gained 10% over their year-ago rate during the first four months of 1987, with the gains concentrated in semichemical, bleached and recycled paperboard. Production of kraft linerboard for export, at 2.1 million tons per week, gained 2.1%. In tonnage terms, the major increase was in solid bleached paperboard exports. At a record-high 619,000 tons per year, production of these grades for export was 25% above its year-ago rate.

Total production of boxboard for domestic use rose by only 2.9% through April, production of both solid bleached and recycled folding boxboard for domestic use showed an impressive 7% gain. However, output of both set-up and milk carton and food service paperboard declined.

TOTAL DEMAND FOR PAPER AND PAPERBOARD

The total new supply of paper and paperboard ran at an annual rate of about 80 million tons during the first quarter of 1987, 4.8% ahead of its year-ago rate. This

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

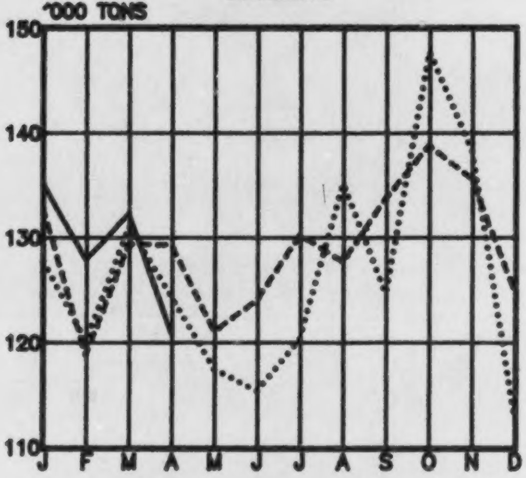
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1985	YEAR 1986	JAN 1987 (R)	FEB 1987 (R)	MAR 1987 (R)	APRIL 1987 (P)	Annual Rate Y-T-D 1987	% Change From same Period Last Year
PAPER								
Newsprint - Production	5,428	5,630	490	441	475	462	5.605	1.7
- Shipments	5,417	5,638	471	443	487	472	5,618	4.2
Printing & Writing Sum (R)	18.471	19,642	1,695	1.603	1,719	1,670	20.059	4.0
Groundwood Paper - Shipments (R)	1.516	1,547	135	128	132	121	1,549	1.2
- New Orders (R)	1,477	1,560	138	111	149	106	1,512	-1.7
-Unfilled Orders (R)	106	125	125	109	127	114	114	0.1
Coated Papers Shipments (R)	5,875	6,263	568	529	546	539	6.547	7.9
- New Orders (R)	5,642	6,334	553	524	526	553	6,467	5.0
- Unfilled Orders (R)	393	469	462	454	429	444	444	6.2
Unctd Free Sheet - Shipments (R)	9,750	10,440	878	833	922	892	10,575	2.7
- New Orders (R)	9,704	10,515	850	842	903	878	10,418	-0.3
- Unfilled Orders (R)	509	589	566	570	546	535	535	-5.1
Thin Papers - Shipments	263	247	20	20	20	20	240	-6.6
Cotton Fiber Paper - Shipments	144	152	13	13	15	12	161	4.4
Bleached Bristols - Production	924	993	81	80	84	85	988	-0.3
Tissue Paper - Production	4,941	5,095	439	414	435	404	5,076	-0.2
Total Packaging & Other Paper	5,202	5,174	458	415	445	424	5.227	0.3
Unbl. Kraft Paper - Shipments	3,403	3,304	280	260	274	265	3,234	-4.4
Other Paper - Production	1,799	1,870	178	156	171	159	1,993	9.1
TOTAL PAPER-Production-Unadj.	34,042	35,541	3,083	2,874	3,073	2,960	35,968	2.5
-Production-S.A.			3,022	2,993	2,911	2,966	35,674	2.5
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	25,404	27,359	2,409	2,206	2,440	2,308	28,089	5.5
Total Unbl. Kraft Paperboard	16,368	17,694	1,546	1,424	1,559	1,482	18,035	5.3
Unbl. Kraft Linerboard (1)	15,183	16,390	1,436	1,310	1,422	1,368	16,610	5.1
Production for Export	1,830	2,079	172	165	173	184	2,083	2.1
Other Unbl. Kraft Paperboard	1,184	1,304	110	114	137	114	1,425	8.9
Semichemical Paperboard	5,088	5,373	481	439	491	460	5,614	7.5
Production for Export	189	212	16	19	13	18	199	9.0
Solid Bleached Paperboard	3,948	4,293	382	343	390	366	4,440	3.5
Production for Export	466	513	48	46	59	54	619	24.8
Recycled Paperboard	7,630	8,143	735	689	754	741	8,756	6.5
Production for Export	26	25	2	12	13	13	123	364.8
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35,503	3,144	2,895	3,194	3,049	36,845	5.7
- Containerboard Prod.(Dom. Use)	20,042	21,558	1,906	1,731	1,916	1,801	22,061	5.8
- Boxboard Prod.(Dom. Use) (2)	5,673	5,938	552	482	534	513	6,241	2.9
- All Other P'bd Prod.(D.U.) (2)	4,808	5,180	448	439	486	467	5,520	6.2
- Total Paperbd Prod. for Export	2,511	2,827	237	242	259	269	3,024	10.2
TOTAL PAPERBOARD PROD.- S.A.			3,122	3,084	2,984	3,040	36,693	5.7
TOTAL PAPER AND PAPERBOARD								
Production - actual	67,076	71,044	6,226	5,768	6,267	6,009	72,813	4.1
Production - S.A.			6,144	6,077	5,895	6,006	72,367	4.1

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

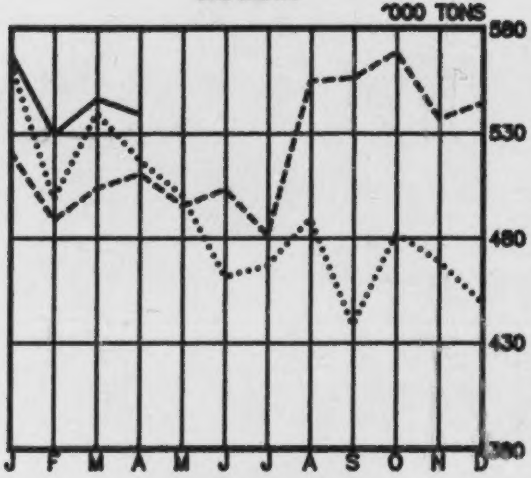
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



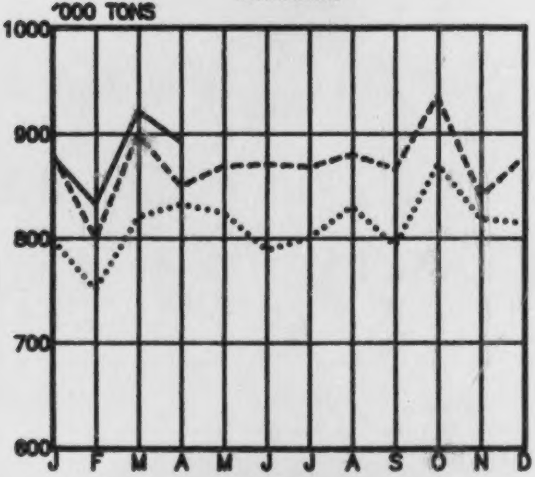
COATED PAPER

SHIPMENTS



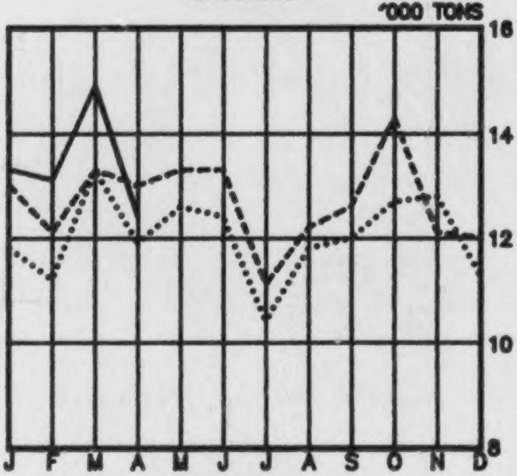
UNCOATED FREE SHEET PAPERS

SHIPMENTS



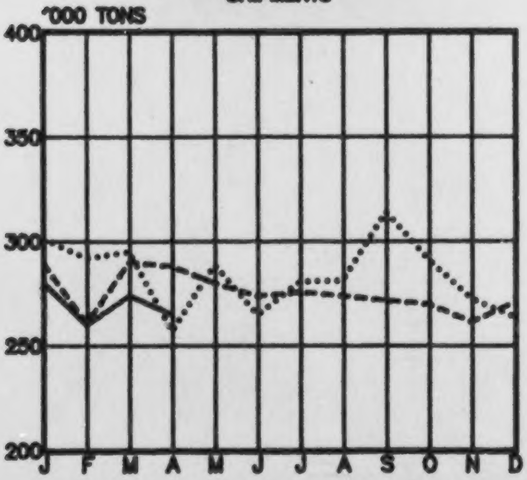
COTTON FIBER PAPER

SHIPMENTS



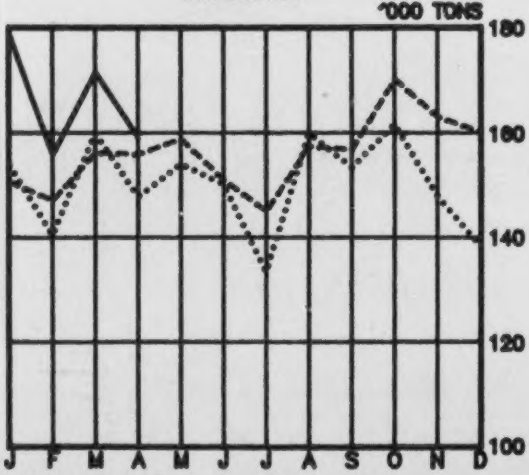
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



WOOD PULP STATISTICS

(Thousands of Tons)

		YEAR 1985	YEAR 1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	MARCH 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	54,147	57,268	4,926	5.082	4.621	5,031	58,934	4.6
	- Imports	4,466	4,582	295	443	392	447	5,125	16.1
	- Exports	3,791	4,458	409	306	372	471	4.598	2.3
	- New Supply	54,821	57,392	4,812	5,218	4,640	5,007	59,461	5.6
Dissolving Pulp	- Production	1,174	1,258	122	108	98	114	1,282	3.2
	- Imports	175	255	18	12	19	20	203	-22.0
	- Exports	631	711	66	54	65	83	809	26.3
	- New Supply	718	801	74	66	52	51	676	-21.5
Paper Grades Chemical Pulp	- Production	43,696	46,333	3,997	4,113	3,755	4,083	47,804	4.7
	- Imports	4,104	4,220	271	424	363	403	4,760	16.1
	- Exports	3,131	3,689	340	252	306	383	3,763	0.2
	- New Supply	44,668	46,864	3,928	4,286	3,812	4,103	48.801	6.0
Groundwood and Thermo-Mech.	- Production	5,251	5,545	470	497	443	474	5,657	4.1
	- Imports	187	108	7	7	10	24	162	198.6
	- Exports	29	59	2	1	1	5	27	-72.5
	- New Supply	5,409	5,594	474	503	452	493	5,792	7.4
Semi-Chemical	- Production	4,027	4,133	338	364	324	361	4,192	4.5
	- Imports								
	- Exports								
	- New Supply	4,027	4,133	338	364	324	361	4,192	4.5
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6,800	7,567	694	668	595	686	7,795	5.4
	- Imports	2,791	3,048	213	220	224	288	2,927	-0.7
	- Exports	3,784	4,470	479	296	359	444	4,396	-4.0
	- New Supply	5,807	6,145	428	592	460	530	6,325	9.8
Dissolving Pulp	- Production	1,172	1,251	122	107	98	113	1,273	3.3
	- Imports	174	212	18	7	17	17	162	-27.2
	- Exports	667	718	84	42	65	73	718	8.5
	- New Supply	679	745	56	72	49	57	717	-9.6
Paper Grades Chemical Pulp	- Production	5,613	6,303	570	560	495	572	6,508	5.9
	- Imports	2,531	2,754	192	209	205	246	2,643	-1.5
	- Exports	3,117	3,752	396	254	294	371	3,678	-6.1
	- New Supply	5,028	5,305	366	515	406	447	5,473	11.4
Groundwood Pulp and All Other	- Production	15	13	2	1	1	1	14	-5.4
	- Imports	86	83	4	3	3	24	122	192.9
	- Exports	1	0	0	0	0	0	0	0.0
	- New Supply	100	96	5	4	4	26	136	140.8

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS

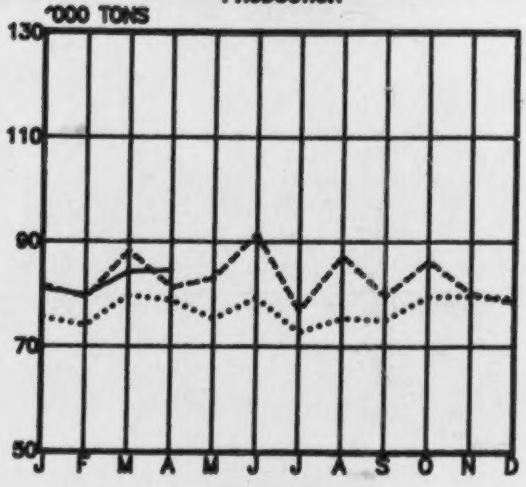
(Thousands of tons)

					R	P		
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	68,899	72,398	6,128	6,016	6,414	5,895	74,899	4.7
Total Wood Pulp	53,276	55,729	4,720	4,667	4.982	4,515	57,711	5.2
Waste Paper	15,623	16,670	1,408	1,349	1,432	1,380	17.188	3.2
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	165	174	176	175	174	183	198	37.8
Producers' Market Inventories	485	284	292	353	284	352	292	-21.4
Consumers' Purchased Inventories	492	569	527	553	569	530	573	4.0
Waste Paper at Paper & Bd. Mills	969	933	932	878	933	781	755	-12.7
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	30	16	16	21	16	20	16	-20.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

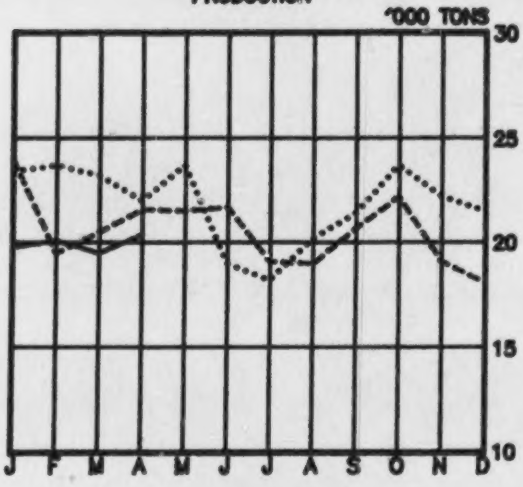
BLEACHED BRISTOLS

PRODUCTION



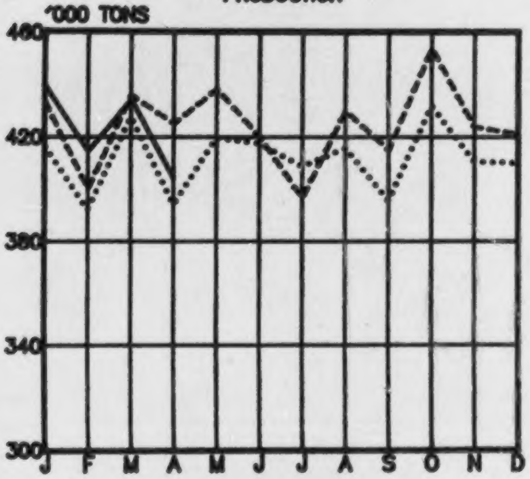
THIN PAPER

PRODUCTION



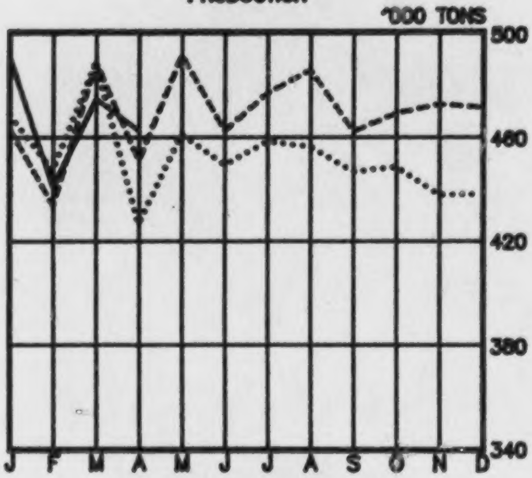
TISSUE PAPER

PRODUCTION



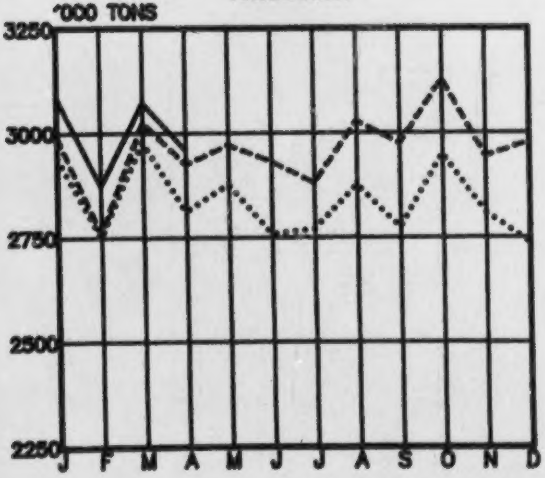
NEWSPRINT

PRODUCTION



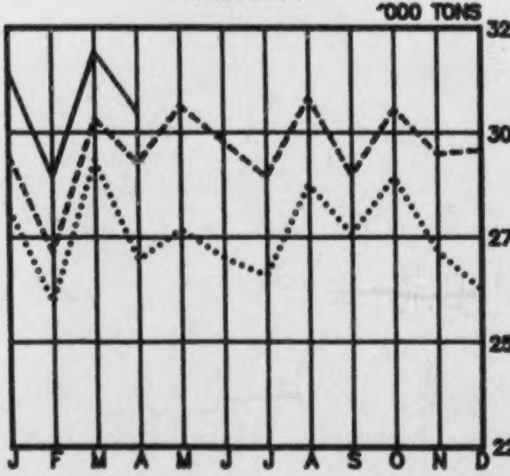
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1985	1986	DECEMBER 1986	JANUARY 1987	FEBRUARY 1987	MARCH 1987	Annual Rate Y T D 1987	% Change From Same Period Last Year
PULPWOOD									
Total U.S.	Total Receipts	85,499	90,943	7,639	8,074	7,694	7,912	94,720	3.6
	- Total Consumpt	85,744	91,434	7,795	8,049	7,541	7,869	93,836	3.7
	Residues *	30,464	32,755	2,562	2,734	2,656	2,715	32,420	-0.3
	- Inventories	5,046	4,794	4,794	4,712	4,900	4,891	4,891	-10.0
So Atlantic	Total Receipts	27,589	29,513	2,516	2,518	2,439	2,563	30,080	0.7
	- Total Consumpt	27,815	29,425	2,537	2,577	2,468	2,539	30,336	3.5
	Residues *	7,970	9,343	760	785	732	718	8,940	-3.2
	- Inventories	1,117	994	994	868	856	875	875	-29.6
Northeast	Total Receipts	7,430	7,277	636	686	664	618	7,872	1.1
	- Total Consumpt	7,394	7,227	599	666	613	612	7,564	-0.6
	Residues *	1,539	1,419	106	107	180	129	1,664	20.2
	- Inventories	544	484	484	495	542	535	535	-0.9
South Central	Total Receipts	29,786	31,790	2,685	2,851	2,630	2,874	33,420	5.2
	- Total Consumpt	29,914	32,113	2,806	2,801	2,622	2,804	32,908	4.1
	Residues *	9,207	9,792	834	891	801	869	10,244	7.3
	- Inventories	1,198	926	926	919	910	924	924	-27.8
North Central	Total Receipts	6,430	6,571	595	681	640	469	7,160	2.9
	- Total Consumpt	6,296	6,730	559	587	538	575	6,800	3.9
	Residues *	1,290	1,042	87	87	77	91	1,020	-7.6
	- Inventories	884	892	892	1,021	1,149	1,046	1,046	7.8
West	Total Receipts	14,264	15,792	1,207	1,338	1,321	1,388	16,188	7.3
	- Total Consumpt	14,325	15,939	1,294	1,418	1,300	1,339	16,228	5.5
	Residues *	10,458	11,159	775	864	866	908	10,552	-6.3
	- Inventories	1,303	1,498	1,498	1,409	1,443	1,511	1,511	7.9

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 22-May 87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1986 Tons	$000 s	FEBRUARY Tons	1987 $000's	MARCH Tons	1987 $000's	Annual Rate Y T D 1987 Tons	% Change From same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	59,490	4,224	49	4	214	11	1,940	-88.6
Pulpwood chips	723,257	19,488	3,556	836	55,195	2,118	267,332	67.5
Wood Pulp, Total	3,949,414	1,422,180	361,903	147,410	368,725	151,649	4,620,180	30.5
Waste Fibrous Materials, Total	157,870	27,196	12,251	2,158	16,763	3,389	179,467	9.6
Paper, Board & Products, Total	9,963,486	4,467,761	824,653	384,678	898,436	424,440	10,641,250	8.6
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9,842,154	4,268,820	812,870	365,839	884,394	400,345	10,485,800	8.2
Paper, Paperboard & Products	9,715,710	4,393,592	806,141	379,161	876,360	418,007	10,401,097	8.7
Paper & Paperboard, Only	9,594,378	4,194,651	794,358	360,321	862,318	393,911	10,245,639	8.4
Paper, Total	9,367,380	4,130,464	774,422	354,400	843,094	388,015	9,996,976	8.0
Newsprint	8,269,333	3,556,983	672,891	300,664	727,834	326,811	8,707,268	5.5
Printing, Writing & Rel. Pap.	868,628	457,685	79,402	42,572	91,736	48,894	1,008,278	25.6
Pack. & Ind. Conv. Paper	182,481	81,492	18,546	8,376	19,760	9,314	240,218	48.1
Special Industrial Paper	4,766	7,893	607	1,033	479	818	6,471	41.1
Tissue Paper	42,173	26,411	2,975	1,756	3,285	2,178	34,740	6.6
Paperboard, Total	226,998	64,187	19,936	5,920	19,224	5,896	248,663	24.6
Convtd Paper&Paperbd Products	121,332	198,941	11,783	18,840	14,042	24,096	155,458	37.1
Wet Machine Board	2,332	1,570	271	195	329	221	3,123	36.1
Construction Paper & Board	245,444	72,599	18,241	5,323	21,748	6,212	237,038	2.3

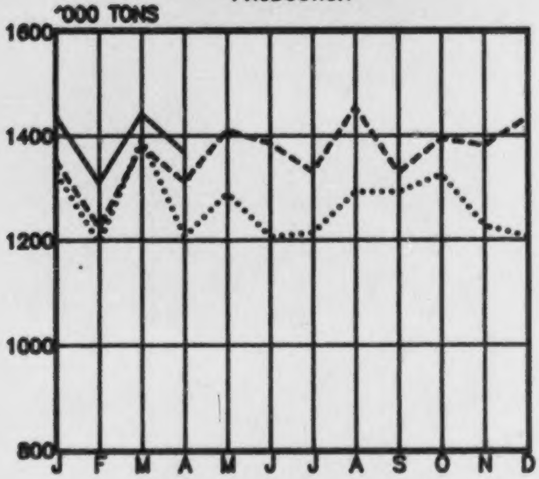
EXPORTS TO CANADA

	YEAR 1986 Tons	$000 s	FEBRUARY Tons	1987 $000's	MARCH Tons	1987 $000's	Annual Rate Y T D 1987 Tons	% Change From same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	39,191	2,201	1,080	65	421	24	6,004	-53.6
Pulpwood chips	262,844	13,577	13,477	800	7,550	468	95,264	37.9
Wood Pulp, Total	262,353	76,591	15,850	6,079	18,208	7,711	188,040	-36.5
Cotton Pulp & Other Pulp	33,629	10,458	3,211	912	3,268	969	37,024	34.2
Waste Paper	226,215	23,254	16,283	1,665	24,754	2,516	243,612	38.4
Paper, Board & Products, Total	846,141	464,795	67,829	45,352	78,080	51,304	869,850	-9.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	691,355	315,820	52,358	30,747	61,110	34,440	677,049	-15.1
Paper, Paperboard & Products	816,282	452,239	65,373	44,168	75,520	50,022	839,336	-9.8
Paper & Paperboard, Only	661,496	303,265	49,902	29,564	58,549	33,158	646,535	-16.1
Paper, Total	278,911	200,168	23,570	19,378	23,742	20,704	308,218	-6.7
Newsprint	6,040	4,457	288	207	290	268	4,654	92.3
Printing, Writing & Rel. Pap.	121,167	99,480	12,150	9,248	12,071	10,049	146,068	20.2
Pack. & Ind. Conv. Paper	25,614	16,467	2,468	1,428	1,852	1,644	26,326	-19.2
Special Industrial Paper	122,874	75,189	8,408	8,035	9,102	7,977	127,565	-25.5
Tissue Paper	3,217	4,577	256	461	428	766	3,605	38.8
Paperboard, Total	382,584	103,096	26,332	10,186	34,807	12,453	338,318	-23.1
Convtd Paper&Paperbd Products	154,786	148,975	15,471	14,604	16,971	16,864	192,800	20.7
Wet Machine Board	10,728	4,638	723	414	748	335	10,846	72.9
Construction Paper & Board	19,132	7,918	1,733	769	1,812	947	19,668	-5.4

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 22 May-87

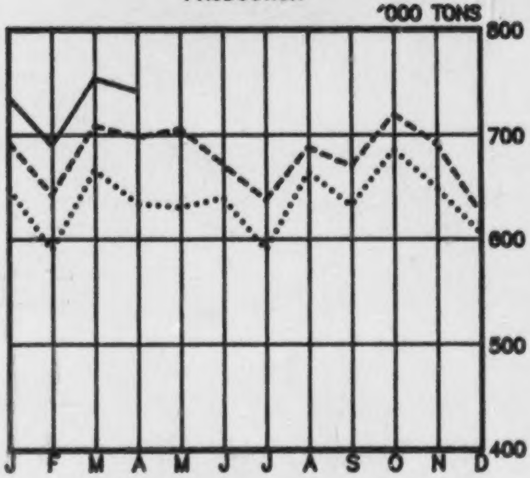
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



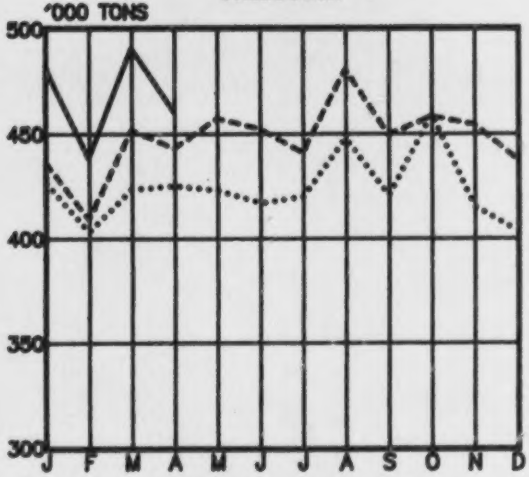
RECYCLED PAPERBOARD

PRODUCTION



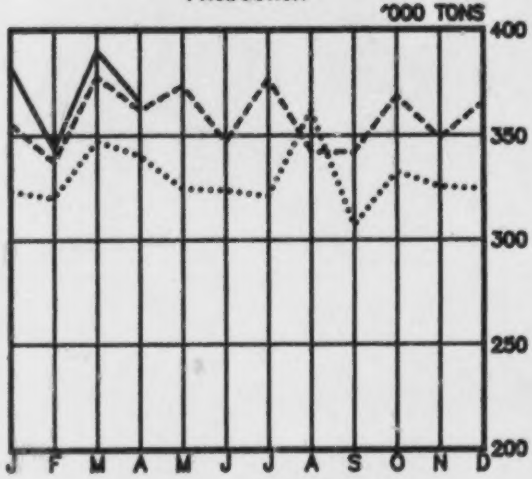
SEMICHEMICAL PAPERBOARD

PRODUCTION



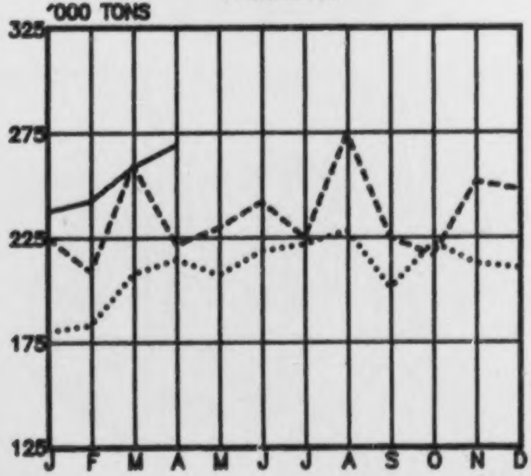
SOLID BLEACHED PAPERBOARD

PRODUCTION



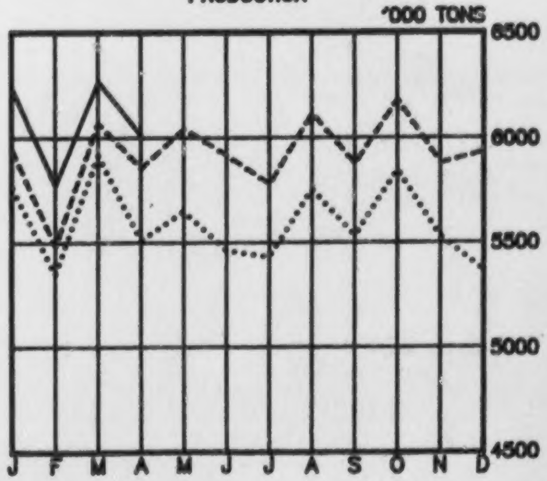
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - -1987 ——

IMPORTS

	YEAR 1986 Tons	1986 $000	1987 FEBRUARY Tons	FEBRUARY $000	1987 MARCH Tons	MARCH $000	(1) Annual Rate YTD 1987 Tons	% Change from same Period Last Year
Pulpwood Roundwood (cords)	60,850	4.563	49	4	214	11	2 044	-88.0
Pulpwood Chips	724.828	19 642	31.618	842	55 595	2.160	389.408	-52.9
Total All Imports	16 722.494	7 674.736	1 399.368	687 593	1.556 796	764 075	18 050 824	10.8
Wood Pulp Total	4.581,760	1.601.378	391,567	159,954	447.154	181,266	5,125,096	16.1
Waste Paper	99,313	11.182	8.013	1.080	10 821	1.707	108.876	16.0
Other Fibrous Materials	104,969	26.326	5,224	1,766	7,543	2,713	86,797	-13.5
Paper Board & Products Total	11,936.452	6.035 850	994 564	524,793	1,091.279	578 389	12,730,055	8.9
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11.546.545	5.247.129	960 394	452,220	1 054.479	496.612	12,308 966	8.5
Paper Ppbd & Prds ex Cnst&WMB	11,596,808	5,928,457	969,788	516,809	1.062,623	569,393	12,411,829	9.1
Paper & Paperboard Only	11 206,901	5,139.735	935.618	444.236	1,025 824	487 616	11,990.740	8.6
Paper Total	10,925,453	5.051,917	903,518	433,745	999,825	479,038	11,598,796	7.3
Newsprint	8.587.507	3.682,351	696.106	310,385	758.845	339 411	8 988 568	5.1
Printing & Writing	2,029,302	1,179,802	174,626	104,491	208,333	119,489	2,214,110	13.7
Uncoated Groundwood	1,028.231	531,149	95.555	49 790	115,814	58.421	1,159.423	20.2
Coated Print.& Impreg. Pap.	501,382	359 495	47,883	34,415	49,849	35,394	582,933	28.7
Uncoated Free Sheet	453,638	254,627	27,678	16.928	36,215	21 337	407,418	-15.9
Uncoated Book	223.798	126.278	13,601	7,641	17,916	10,476	184,858	-23.3
Writing and Similar Paper	229,841	128 349	14,077	9.288	18 299	10 861	222 561	-8 5
Thin (except Cigarette)	45,351	33,831	3,432	3,279	6,413	4,296	63,520	40.3
Bristols	700	700	77	79	41	42	816	104.9
Total Pkg & Other Paper	242,571	146,212	27,971	15,567	29.158	17,415	343,237	44.5
Unbleached Kraft Paper	115,008	42.650	13,441	5 501	15 031	6.071	176,852	101.4
Other Pkg. & Indust. Paper	127,562	103,562	14,530	10,067	14,127	11,344	166,385	11.1
Tissue	66.073	43,552	4 816	3,302	3 489	2,723	52,881	-24.3
Paperboard, Total	281,448	87,818	32,099	10,490	25,999	8,579	391,944	66.8
Test or Containerboard	78,063	25.596	7 037	2,372	7 056	2,438	90.030	20.9
Semi-Chemical Corrugating	99,062	22.092	10,507	2 728	8,926	2,520	121,969	56.3
Other Paperboard	104.324	40.130	14.555	5 391	10,017	3.621	179,945	118.1
Convtd Paper&Paperbd Products	389,907	788,721	34,171	72,572	36,799	81,777	421,089	24.6
Paper Products, Total	361.517	730,257	31,371	67,272	33,405	75,222	384 500	23.1
Paperboard Products, Total	28,390	58,464	2,800	5,301	3,394	6,555	36,590	43.2
Wet machine Board	3,235	2,525	311	246	381	277	3.596	-16.6
Construction Paper & Board	336,409	104,868	24,466	7,738	28,275	8,719	314,630	3.6
Notes								
Other: No Weight Avail. ($000)		212,338		15,822		20,291	206.150	8.1
Total Imports Incl. Other($000)		7.887.074		703.415		784,366	8.995.562	19.9

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	42,190	2,373	2,000	106	421	24	9,684	-52.8
Pulpwood Chips	2.428.333	170,022	212,688	14.988	159.928	11 890	1,974,952	-2.7
Total All Exports	13,196,245	4,694,705	1,120,592	447,153	1,297,892	524,140	13,928,989	8.2
Wood Pulp,Total	4,458,312	1.662,466	371.753	164.890	471,448	210.972	4.598 096	2.3
Cotton Pulp and Other Pulp	157,452	72.500	11,078	6,288	12,469	5,854	147.504	-24.0
Waste and Old Paper	3,748,711	411,076	315,135	38 187	378,841	49,661	4.069 820	13.5
Paper, Board & Products,Total	4,831,770	2.548.663	422,626	237,786	435,124	257,652	5,113.569	11.0
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	4,305,273	1,862,874	368 522	173,463	375,936	183,613	4,443,014	8.3
Paper, Ppbd & Prod ex Cnst&WMB	4,737,728	2,496,766	415,118	233,895	427,218	252,611	5,008,586	11.1
Paper & Paperboard, Only	4,211.231	1,810.976	361,014	169 570	368 020	178.572	4 338,030	8.4
Paper, Total	883,662	642,597	67,183	56,227	74,253	63,057	863,003	0.6
Newsprint	392,228	194,549	27,944	15,945	28 552	16,730	341,575	9.8
Printing & Writing	190 656	185,271	17,161	16,742	18,870	19,617	211,836	4.2
Uncoated Groundwood	40,847	28,947	3,037	2,198	4,810	3,519	48,357	-7.0
Clay Coated Paper	78,248	57,856	7,229	5,073	6,947	5,317	82,907	-1.2
Uncoated Free Sheet	50,140	71,354	4,564	6,842	4,538	7,630	55.187	6.1
Other Printing & Writing	21,420	27,114	2,330	2,629	2,575	3,152	25,384	64.7
Total Pkg. & Other Paper	284,021	241,426	20,760	21,880	25.251	24,409	291,838	-11.4
Unbleached Kraft	78,248	32,009	6,119	2,730	8,987	3,947	84,764	32.6
Other Pkg. & Indust. Paper	205,773	209,417	14,642	19,150	16,264	20 461	207,074	-22.0
Tissue	16,758	21,351	1,319	1,660	1,579	2,301	17,754	30.6
Paperboard, Total	3,327 568	1,168,379	293,831	113,344	293,767	115,515	3,475,028	10.5
Solid Wood Pulp	3,007,372	1,084,112	277,229	106,189	273,102	107,621	3,237,146	16.5
Total Linerboard	2,195,951	642,137	208 763	69 032	190,048	66 528	2,298 508	13 6
Bleached Kraft Linerboard	133,787	51,448	3,417	2,358	3,215	1,585	41,546	-69.8
Unbleached Kraft Linerbd	2,062,164	590,688	205 346	66,674	186,833	64,943	2 256,962	19.6
Other Unbleached Kraft	157,614	57,548	11,668	4,251	22,927	8,115	220,801	62.8
Other Bleached Kraft	577,166	362,715	52,045	31,418	55,370	31,213	646,178	21.9
Semi-Chemical Corrugating	76,641	21 713	4,752	1,487	4,757	1,766	71,659	-20.6
Recycled Paperboard	320,196	84,268	16,602	7 154	20,665	7,894	237,882	-34.8
Convtd Paper&Paperbd Products	526,497	685,789	54,104	64,325	59,198	74,039	670,555	32.9
Paper Products, Total	240,171	456,429	22,248	41,540	25,251	49,684	276,390	24.0
Paperboard Products, Total	286,327	229,360	31,856	22,784	33,947	24,355	394,165	40.0
Wet Machine Board	18,893	7,259	1,560	735	1,229	534	20,499	30.5
Construction Paper & Board E	75,149	44,639	5,948	3,158	6,688	4,507	84,484	1.6
Notes								
Other: No Weight Avail. ($000)		7,296		519		761	7.028	-12.3
Total Exports Incl. Other($000)		4,702.003		447,671		524,901	5,538,756	28.9

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.

(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1985	1986	JANUARY 1987	FEBRUARY 1987	MARCH 1987	APRIL 1987	Annual Rate Y T-D 1987	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	303.4	306.6	307.3	309.2	306.6	6.1
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.5	295.9	305.2	308.4	308.9	310.7	308.3	5.7
Total Wood Pulp	346.6	358.7	397.1	396.1	407.4	411.9	403.1	19.9
Total Paper	303.4	306.3	315.2	318.1	312.9	315.3	315.4	4.5
Total Paper, exc. Newsprint	298.8	300.4	309.0	310.3	302.3	301.0	305.7	3.2
Newsprint	332.9	326.1	340.5	343.3	342.2	342.7	342.2	5.5
Total Paperboard	274.6	271.9	286.0	290.2	292.6	295.8	291.2	9.4
Total Paper and Paperboard *	294.4	295.4	306.0	309.4	306.5	309.2	306.0	5.9
Converted Products	288.1	289.3	295.8	298.8	300.7	301.5	299.2	4.5
Waste Paper	148.8	172.8	194.6	201.5	213.3	218.8	207.1	50.0
All Commodities	308.9	299.8	300.9	302.7	302.8	305.1	300.9	0.0
Industrial Commodities	324.0	312.1	313.6	315.7	315.8	317.4	315.6	-0.5

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

BTU DISTRIBUTION OF PAPER INDUSTRY ENERGY CONSUMPTION

(% distribution of total BTU's)

	1972	1985	1986
Purchased Electricity	4.4%	6.6%	6.4%
Coal	10.7	15.3	14.9
Residual Fuel Oil	21.2	6.8	8.2
Distillate Fuel Oil	1.0	0.4	0.3
Natural Gas	21.0	14.0	12.5
Other	1.3	1.1	1.0
Total Purchased	59.6%	44.2%	43.3%
Wood Residues	2.0%	11.2%	11.1%
Bark	4.5	5.6	5.7
Spent Pulping Liquors	33.4	38.3	39.2
Self-Generated Hydropower	0.5	0.4	0.4
Other	---	0.3	0.3
Total Self-Generated	40.4%	55.8%	56.7%

Source: API Energy and Materials Department

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

MAY 29, 1987

PRODUCTION (000 TONS)

	APRIL	MARCH	APRIL	FIRST FOUR MONTHS		% CHANGE YR TO DATE
	1987	1987	1986	1987	1986	1987/1986
PAPER GRADES						
Newsprint	462	475	451	1,868	1,837	1.7
Printing & Writing	1,670	1,719	1,606	6,686	6,432	4.0
Uncoated Groundwood (s)	121	132	129	516	510	1.2
Coated Paper (s)	539	546	510	2,182	2,023	7.9
Uncoated Free Sheet Paper (s)	892	922	850	3,525	3,431	2.7
Thin Paper (s)	20	20	22	80	86	-6.6
Cotton Fiber Paper (s)	12	15	13	54	51	4.4
Bleached Bristols (s)	85	84	81	329	330	-0.3
Tissue Paper	404	435	425	1,692	1,695	-0.2
Total Pkg & Other Paper	424	445	444	1,742	1,736	0.3
Unbleached Kraft Packaging & Indl. Converting (s)	265	274	288	1,078	1,128	-4.4
Other Paper	159	171	156	664	609	9.1
TOTAL PAPER	2,960	3,073	2,925	11,989	11,700	2.5
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1,482	1,559	1,424	6,012	5,706	5.3
Unbleached Kraft Linerboard	1,368	1,422	1,312	5,537	5,270	5.1
Other Unbl. Kraft Paperboard	114	137	112	475	436	8.9
Semichemical Paperboard	460	491	443	1,871	1,741	7.5
Bleached Paperboard	366	390	361	1,480	1,431	3.5
Recycled Paperboard	741	754	697	2,919	2,739	6.5
TOTAL PAPERBOARD	3,049	3,194	2,926	12,282	11,617	5.7
TOTAL PAPER AND PAPERBOARD	6,009	6,267	5,851	24,271	23,317	4.1

	MARCH	FEBRUARY	MARCH	FIRST THREE MONTHS		% CHANGE YR TO DATE
	1987	1987	1986	1987	1986	1987/1986
WOOD PULP (ALL GRADES)						
Dissolving & Special Alpha	114	98	109	320	310	3.2
Bleached Sulfite	108	99	114	322	345	-6.7
Unbleached Sulfite	13	13	14	40	42	-5.0
Bleached & Semi-Bl. Sulfate	2139	1984	2045	6268	5967	5.0
Unbleached Sulfate	1823	1659	1751	5321	5064	5.1
Semichemical	361	324	346	1048	1003	4.5
Groundwood & Thermomechanical	474	443	466	1414	1359	4.1
TOTAL PULP DIVISION DATA	5031	4621	4844	14734	14090	4.6

(s) - Shipments R - Revised
P - Preliminary

May 29, 1987	Full Year		INDUSTRY DATA 1986 - 1987	R	P	Ann. Rate Year - To - Date	% From Same Pd. Last Year
PAPER AND PAPERBOARD -- Tons (000)	1985	1986	February	March	April	1987	
Total Production (API).......: excluding :...	67,076	71,044	5768	6268	6009	72,813	4.1
Total Seasonally Adjusted....:construction:...			6077	5895	6006	72,367	4.1
Imports (including Products).: and wet :..E	11,106	11,597	970	1063	1000	12,309	10.9
Exports (including Products).: machine :..E	4,009	4,738	415	427	420	5,016	9.0
Apparent Consumption.........: grades :...	74,173 a	77 903 b	6,632	6,531	6 586	79,659 c	4.8
Paper Production % Tonnage Capacity...........	90.6 g	93.3 g	94.8	91.6	90.0	92.6 gh	-
Paperboard Production % Tonnage Capacity......	90.0 g	94.6 g	98.3	98.3	96.2	97.5 g	-
			January	February	March		
IMPORTS.....:Including Construction and :...	11,521	11,936	1097	995	1091	12,730	8.9
EXPORTS.....: WMB Grades (excl. HPB) :...	4,077	4,832	421	423	435	5,113	11.0
			January	February	March		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6,797	7,585	668	595	686	7,794	5.4
TOTAL WOOD PULP PRODUCTION - Tons (000).........	54,141	57,277	5082	4621	5031	58,936	4.6
WOOD PULP IMPORTS - TONS (000)..................	4,466	4,582	443	392	447	5,125	16.1
WOOD PULP EXPORTS - TONS (000)..................	3,791	4,458	306	372	471	4,598	2.3
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			January	February	March		
Wood Pulp.............:consumption for:.....	53,276	55,746	4667	4982	4515	56,656	3.2
Waste Paper...........:construction & :.....	15,623	16,670	1349	1432	1380	16,644	-0.1
TOTAL..........: WMB grades :.....	68,899	72,416	6016	6414	5895	73,300	2.5
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	8049	7541	7869	93,836	3.7
EMPLOYMENT (000)			January	February	March		
Paper and Allied Products..........Total......	683.2	690.0	690.3	689.7	691.6	691.1	1.0
Pulp, Paper and Board Mills........Total.....E	257.7	252.2	251.1	250.8	250.2	251.0	-0.2
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.82	11.14	11.17	11.18	11.18	11.21	1.7
Pulp, Paper Mills.........................E	13.11	13.58	13.60	13.57	13.63	13.63	2.0
Paperboard Mills..........................E	13.60	14.01	14.00	14.03	14.03	14.04	1.4
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q4	1987 Q1	1987 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.76	8.69	8.69	8.69	8.51 y	-2.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			February	March	April		
:IN PULP, PAPER :...Production Workers..........	123.6	132.8	137.2	136.2	137.9	137.5	5.9
:AND BOARD MILLS:...All Employees...............	122.2	132.0	137.0	135.8	137.5	137.4	6.2
PAPER AND ALLIED PRODUCTS (Million $)			February	March	April		
Industry Shipments (Dept. of Commerce)*........	97,664	109,582	9,485	9,426	9,512	113,097	8.6
Pulp, Paper and Paperboard*....................	41,830	46,632	4,044	3,990	4,056	48,678	10.9
Inventories (End of Period) - Total Industry*..	9,728	10,250	10,684	10,837	10,812	10,812	10.7
Pulp, Paper and Paperboard*....................	3,800	4,078	4,166	4,172	4,188	4,188	6.7
			1986 Q2	1986 Q3	1986 Q4		
Sales (Corporations Only)......................	71,465	74,896	18,470	18,904	19,947	N.A.	N.A
Earnings (Corporations Only)...................	2,880	3,293	922	824	958	N.A.	N.A
Depreciation (Corporations Only)...............	3,099	3,389	843	843	883	N.A.	N.A
Net Worth (Corporations Only)..................	29,694	31,254	30,646	31,075	31,254	N.A.	N.A
PRICE INDEXES (Bureau of Labor Stats)1967=100			February	March	April		
Pulp, Paper & Products, ex. Building Grades....	292.0	294.0	306.6	307.3	309.2	306.6	6.1
Wood Pulp......................................	346.6	358.3	396.1	407.4	411.9	403.1	19.9
Waste Paper....................................	148.8	172.8	201.5	213.3	218 8	207.1	50.0
Paper..	303.4	306.3	318.1	312.9	315.3	315.4	4.5
Paperboard.....................................	274 6	272.2	290.2	292.6	295.8	291.2	9.4
PAPER DEMAND (INDEXED: 1977=100)			February	March	April		
Total Paper Production *.......................	123.0	128.3	129.6	126.1	128.5	128.8	2.5
Paper New Supply *.............................	128.8	134.0	135.0	135.2	138.8	137.0	5.0
Demand Indicators - (Weighted Average) *.....	141.6	148.8	151.7	152.4	152.0	152.0	4.1
Production of Nondurable Goods *...(21.2%).	125.3	130.9	134.3	134.3	134.3	134.3	4.2
Disposable Income ....*.(23.9%)	126.8	131.4	132.7	132.3	128.7	131.1	0.4
Total Printing and Publishing *...(54.9%).	154.3	163.3	166.6	168.1	169.0	168.0	5.5
Trend Factor	----------	----------	-------- Not	Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *..................	114.3	122.9	127.8	123.7	126.0	126.7	5.7
Production for Domestic Use	112.8	120.8	125.7	120.6	122.6	124.1	5.4
Demand Indicators - (Weighted Average) *.....	120.1	122.1	124.5	124.1	123.3	124.0	1.9
Production of Consumer Goods *...(62.06%)	120.5	124.5	127.5	127.0	125.9	126.8	2.8
Production of Equipment *...(5.75%)	146.4	142.8	144.9	144.2	143.6	143.9	-0.3
Production of Materials *...(32.19%)	114.5	113.9	115.0	114.8	114.7	114.9	0.5
Trend Factor	----------	----------	-------- Not	Available	----------	----------	----------
NEWSPRINT MARKETS			January	February	March		
Consumption by Publishers - Tons (000).........	12,773	13,157	1,001	1,000	1,140	12,562	1.6
Newspaper Pub. and Printing Empl. Total(000)...	454	461	461	461	461	461	0.3
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)...........	155,545	153,088	9,000	12,028	13,384	137,649	-2.8
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	34,635	38,536	3,489	3,480	3,793	43,048	16.0
Inventories (End of Period).	3,087	3,411	3,573	3,560	3,505	3,505	10.6
FIBRE BOX DATA (Fibre Box Association)			February	March	April		
Fibre Box Shipments (Million square feet).......	267,451	283,921	22,810	24,773	25,591	293,688	4.1
Container'bd Inventory at Mill & Plant(000Tons).	2,549	2,238	2,391	2,414	2,360	2,360	-3.2
RETAIL TRADE (Million $)			February	March	April		
Total Retail Sales *...........................	1,372,853	1,445,568	124,280	125,225	125,384	1,480,404	5.2
Nondurable Goods Stores Sales *..............	859,316	882,505	76,195	76,889	77,343	915,720	4.3
GENERAL ECONOMIC DATA			February	March	April		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	124.2	125.1	127.1	126.8	126.3	126.7	1.4
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	308.7	299.8	302.7	302.8	305.1	302.9	0.0
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	322.2	328.4	334.4	335.9	337.7	335.3	2.6
			January	February	March		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	531	586	580.6	575.3	574.1	574.1	8.0
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q3	1986 Q4	1987 Q1		
G.N.P. or Expenditure - Current $..............	3,998	4,206	4,241	4,259	4,348	4,348	4.8
G.N.P. or Expenditure - 1982 $.................	3,585	3,675	3,686	3,696	3,736	3,736	2.2

lb/capita Pap&Papbd	Othr	Totl	Popul(mil)
.a - 620 +	18 =	638	239.3
.b - 645 +	17 =	662	241.5
.c - 652 +	17 =	669	244.5

.g - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
j - Census unpublished data: standard dev. = 6-8%
h - Adjusted to Conform with API Division data
j - Census unpublished data: standard dev. = 6 - 8%
Q - Quarter

R - Revised
y - Full year estim. by U.S. Dept. of Com.

* - Seasonally Adjusted.

Continued from Page 2

compares to the 2.7% gain in the real gross national product. The ratio of new supply to real GNP was about 21,400 tons per billion dollars, which matched 1987's ten-year-high. However, the ratio declined in 1985 and rose in 1986. Over the short term of the past two years, paper demand has been rising faster than that of the economy as a whole; over the longer term of the past 12 years, paper demand has been fluctuating about a trend that has been risisng slightly faster than that of total economic activity.

While the sharp decline in the value of the dollar from its early 1985 peak has had a positive stimulus on exports of paper, paperboard and wood pulp, it has served only to slow the growth of imports. However, while the percentage growth in imports of paper and paperboard from May 1981, a time-of a comparatively low-valued dollar, to the first quarter of 1987 has been relatively large, the tonnage gains provide a better prospective. Where the first quarter 1987 rate of imports was 4.5 million tons ahead of the 1981 rate, exports were up about 450,000 tons while the rate of domestic production rose more than 10 million tons.

FIBROUS MATERIALS

U.S. production of chemical paper grade market pulp was at an annual rate of 6.5 million short tons during the first four months of 1987, 7.3% above its year-ago pace. As a result of this strong performance, market pulp mills operated at 104% of their reported capacity through April of this year, versus 97% during the same period in 1986.

U.S. shipments of chemical grade market pulp exceeded their year-ago pace by 0.5% during the first four months of 1987, but the distribution of that growth was highly uneven. Shipments to the domestic market advanced 4.1%, while exports through April were off 2%, following a spectacular 20% advance from 1985 to 1986. On a regional basis, market pulp exports to Japan gained 1% during the first four months of 1987, while U.S. shipments to Western Europe (including the U.K.) weakened 1%. Total exports to all other markets were off 5%.

In the first four months of 1986 shipments of chemical paper grade market pulp exceeded production by 121,000 tons, resulting in a corresponding reduction in inventories. This continued the sharp trend of inventory reductions that started in mid-1985. Inventories bottomed out at the end of 1986 and increased 15,400 tons during the first four months of 1987. (See lower table on page 9.)

First quarter 1987 wood pulp production exceeded its year-ago total by 4.6%. However, new supply was up by 5.6%, reflecting a 16.1% increase in imports with only a 2.3% advance in imports. New supply of paper grade wood pulp rose 6.0% in this period, which compares well with the 4.5% increase in paper and paperboard production.

ENERGY EFFICIENCY IN THE PAPER INDUSTRY

The U.S. paper industry achieved further strides in energy self-sufficiency last year, even though fuel prices moved sharply below their 1985 levels. According to API's Energy and Materials Department, self-generated and residue sources of energy accounted for 56.7% of the paper industry's total energy consumption in 1986, up from 55.8% in 1985 and 40.4% in 1972. (See table on page 10.)

Spent pulping liquors constitute the paper industry's leading source of energy. Because the kraft pulping process has gained in relative importance over the years, the share of the industry's energy supply attributable to spent pulping liquors increased from 33.4% in 1972 to 38.3% in 1985 and 39.2% last year. Bark and wood residues collectively accounted for 16.8% of the industry's energy requirements in 1986, the same proportion as in 1985, but dramatically higher than the 6.5% share they represented in 1972. (See table on page 10.)

Coal ranks third after spent pulping liquors and wood/bark as an energy source to the paper industry, and it is the industry's leading purchased fuel on a BTU basis. Coal accounted for 14.9% of the paper industry's total BTU consumption in 1986, which was slightly below the 15.3% share it represented in 1985, but still well above the 10.7% share registered in 1972. Coal consumption by the paper industry has been growing at an average rate of approximately 5% a year since 1976.

The industry's use of residual fuel oil increased from a 6.8% share in 1985 to 8.2% in 1986. Residual fuel oil accounted for 21.2% of the industry's energy needs in 1972, the year prior to the first oil shock. Many paper companies utilized their dual fuel capabilities last year to take advantage of relative changes in fuel costs. Because of fuel oil's price advantage with respect to natural gas, gas consumption declined from 14% of the industry's energy needs in 1985 to 12.5% last year.

Purchased electricity filled 6.4% of the industry's energy requirements in 1986, down from 6.6% the year before. However, in terms of cost it represented more than 45% of the industry's $4.2 billion in outlays for purchased energy. In addition to being a major consumer of purchased energy, the paper industry is also the nation's largest cogenerator and self-generator of electricity, accounting for about 35% of the total installed base of U.S. cogeneration capacity. Some 50% of the paper industry's electricity needs are being met by self-generation and that percentage is expected to increase during the next five years.

7/21/87 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 6 JUNE 1987

PAPER AND PAPERBOARD PRODUCTION: MAINTAINING MOMENTUM

The paper industry maintained the momentum evident during the past eighteen months, with the April-May 1987 production rate averaging 72.8 million tons per year. The five-month 1987 production rate averaged 72.6 million tons per year, 4.7% above the corresponding 1986 total and 2.5% above total 1986 output.

The strength in production was distributed throughout the industry, with paper production up 2.9%; paperboard up 6.4%; total wood pulp, 4.5% and market pulp, about 7%. All these 1987 rates represented record-high levels of operation.

These high production rates generally reflected the strength of total economic activity and the relatively high rates of demand for these products within their various markets. In addition, inventories of paper and paperboard production held by users are largely in line with current consumption rates, so that production rates are now matching consumption requirements.

A major measure of economic activity -- the real gross national product (Real GNP) -- gained about 2.3% from the first quarter of 1986 to the first quarter of 1987. Total industrial production in the first five months of this year was about 1.9% over its year-ago rate, with total non-durable goods up by more than 4.5% and consumer goods -- another demand measure that overlaps, to some degree, non-durable goods -- up 3%. A promise of continued strength is evident in the trends of the leading indicators, an index published by the Department of Commerce that attempts to predict the future direction of the economy.

Imports and Exports: All above measures are indicators of the requirements of paper and paperboard products, whether they come from domestic or foreign sources. The data on paper and allied products shown on page 9 indicate that so far this year imports have shown somewhat stronger growth than exports.

Total imports of paper and paperboard in the first four months of 1987 rose 11.5% from their comparable year-ago level, while exports rose 6.8%. An important part of the gain can be traced to imports of

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uncoated groundwood papers, where a 34% gain -- to 1.20 million tons per year -- was recorded. Newsprint imports gained 7%. Both these grades traditionally draw on non-U.S. sources.

Total imports of paper and paperboard were at an annual rate of 12.0 million tons, with imports of groundwood papers and newsprint accounting for 85% of the total. Imports of the remaining grades were at the rate of 1.47 million tons per year, up 25 % from their year-ago level. This increase reflected a 34% gain in imports of coated papers to a record high of 591,000 tons per year, a 91% gain in imports of unbleached kraft papers to 170,000 tons per year, and a 52% gain in imports of paperboard to 390,000 tons per year. For the most part, domestic production of these grades also showed strong growth; the larger percentage increases of imports reflect the relatively small tonnages involved.

Paper Production: The rate of production of paper in April-May 1987 period averaged 35.9 million tons per year, bringing the five month rate to 35.8 million tons-per-year level, 2.9% above the comparable year-ago rate. These levels compare well with the 1986 record high of 35.4 million tons.

The major gains were recorded in the printing-writing grades, up 4.5% over their comparable 1986 level. Within this sector, coated paper shipments rose 9.0%; uncoated free sheet papers were up 3.0%. Most of the gain in coated paper shipments can be traced to major increases in the use of all types of coated papers by commercial printers. More modest gains were noted in shipments of these papers to book publishers, while shipments to the other major coated paper users were only slightly above their year-earlier totals.

The large gain noted in shipments of printing-writing papers to commercial printers also accounted for much of the increase in shipments of uncoated free sheet papers. Bond papers, used largely in office copiers, also increased markedly, while form bond, which includes the important computer printout papers, showed only a small increase.

Total shipments of unbleached kraft papers in the first five months of 1987 trailed their year-ago total by 6.6%. On the positive side, shipments of unbleached multiwall sack papers were up sharply during the first five months of 1987, following several years of nearly steady decline. The displacement of kraft papers by plastics could slow down during the next year or so; North American polyethylene resin capacity has become exceedingly tight, and resin prices are rising. On the minus side, imports of plastic bags continue their growth.

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

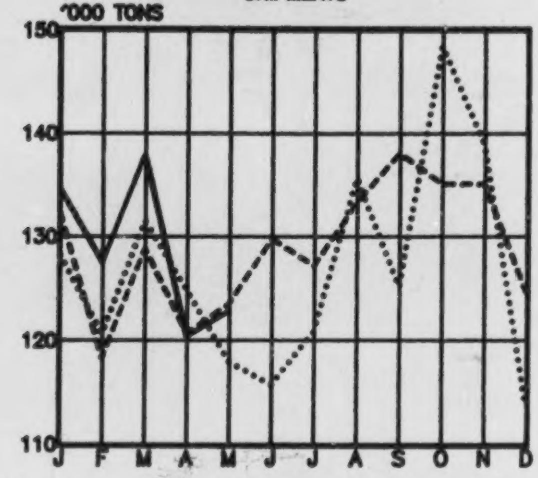
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1985	YEAR 1986	FEB 1987 (R)	MAR 1987 (R)	APRIL 1987 (R)	MAY 1987 (P)	Annual Rate Y-T-D 1987	% Change From same Period Last Year
PAPER								
Newsprint - Production	5,428	5,630	441	475	462	500	5,685	1.7
- Shipments	5,431	5,638	443	487	472	499	5,691	3.8
Printing & Writing Sum (R)	18,423	19,601	1,604	1,722	1,679	1,684	20,113	4.5
Groundwood Paper - Shipments (R)	1,521	1,540	127	138	120	123	1,543	2.3
- New Orders (R)	1,477	1,553	110	154	109	121	1,518	0.8
-Unfilled Orders (R)	106	124	108	127	116	113	113	2.2
Coated Papers - Shipments (R)	5,875	6,263	529	548	545	554	6,585	9.0
- New Orders (R)	5,642	6,334	524	527	559	630	6,704	9.4
- Unfilled Orders (R)	393	469	454	429	443	521	521	18.3
Unctd Free Sheet - Shipments (R)	9,690	10,410	835	919	896	891	10,598	3.0
- New Orders (R)	9,704	10,485	844	900	882	903	10,503	0.4
- Unfilled Orders (R)	509	587	568	544	533	551	551	-8.4
Thin Papers - Shipments	262	247	20	20	20	19	238	-7.5
Cotton Fiber Paper - Shipments	144	152	13	15	14	13	163	4.8
Bleached Bristols - Production	930	990	79	83	83	86	986	-0.1
Tissue Paper - Production	4,941	5,095	414	446	429	441	5,205	1.6
Total Packaging & Other Paper	5,204	5,117	415	445	424	398	5,137	-0.5
Unbl. Kraft Paper - Shipments	3,403	3,303	260	274	265	235	3,153	-6.6
Other Paper - Production	1,801	1,814	156	171	159	163	1,985	11.1
TOTAL PAPER-Production-Unadj.	33,996	35,443	2,874	3,088	2,994	3,024	36,140	2.9
-Production-S.A.			2,993	2,925	3,000	2,977	35,792	3.0
PAPERBOARD PRODUCTION								
Solid Wood Pulp Furnish	25,404	27,336	2,206	2,440	2,320	2,459	28,402	5.4
Total Unbl. Kraft Paperboard	16,368	17,689	1,424	1,559	1,492	1,623	18,347	5.6
Unbl. Kraft Linerboard (1)	15,183	16,402	1,324	1,426	1,381	1,510	17,020	5.9
Production for Export	1,830	2,246	179	177	184	190	2,198	-0.2
Other Unbl. Kraft Paperboard	1,184	1,287	100	133	111	113	1,327	2.2
Semichemical Paperboard	5,088	5,376	439	491	463	463	5,607	6.2
Production for Export	189	213	19	13	18	24	217	21.7
Solid Bleached Paperboard	3,948	4,271	343	390	366	373	4,448	3.5
Production for Export	466	569	46	59	54	50	615	9.5
Recycled Paperboard	7,630	8,083	689	754	741	802	8,929	9.6
Production for Export	26	70	2	4	3	3	33	-54.2
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35,419	2,895	3,194	3,061	3,261	37,331	6.4
- Containerboard Prod.(Dom. Use)	20,042	21,426	1,731	1,916	1,846	1,952	22,443	6.9
- Boxboard Prod.(Dom. Use) (2)	5,673	5,903	482	534	513	516	6,232	3.3
- All Other P'bd Prod.(D.U.) (2)	4,808	4,992	436	492	444	525	5,594	10.9
- Total Paperbd Prod. for Export	2,511	3,097	246	253	258	267	3,063	1.6
TOTAL PAPERBOARD PROD.- S.A.			3,084	2,984	3,052	3,109	36,844	6.5
TOTAL PAPER AND PAPERBOARD								
Production - actual	67,030	70,861	5,769	6,282	6,055	6,285	73,471	4.7
Production - S.A.			6,077	5,909	6,052	6,086	72,636	4.8

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

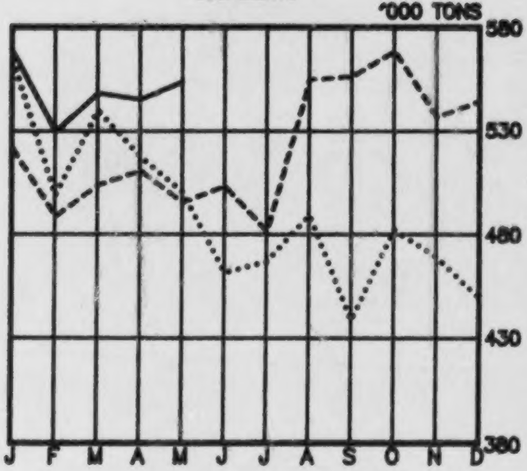
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



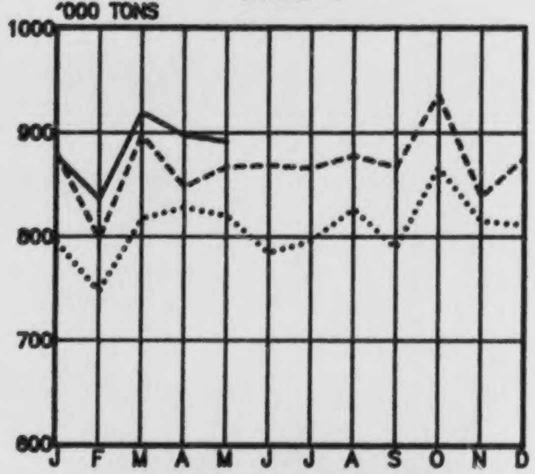
COATED PAPER

SHIPMENTS



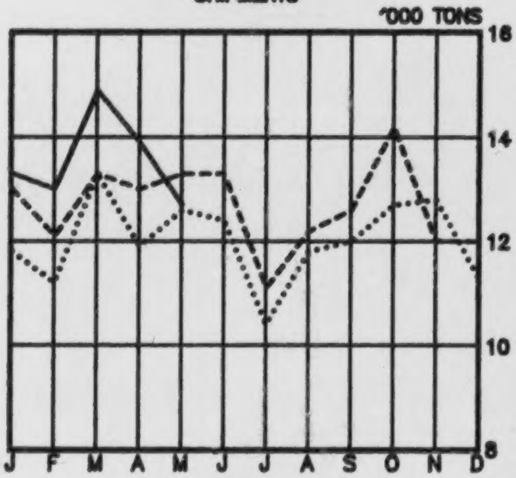
UNCOATED FREE SHEET PAPERS

SHIPMENTS



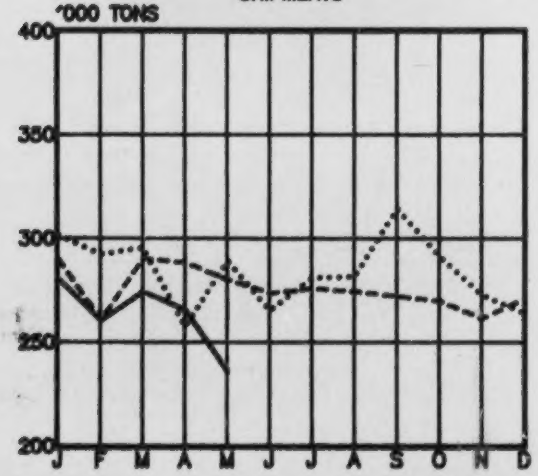
COTTON FIBER PAPER

SHIPMENTS



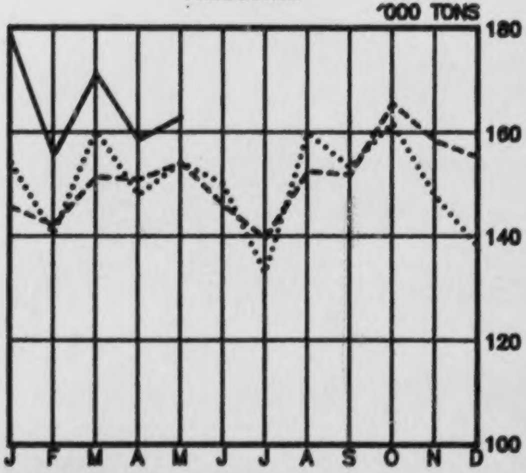
UNBLEACHED KRAFT PACKAGING
AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1985 ········ 1986 - - - - - 1987 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1985	YEAR 1986	JANUARY 1987	FEBRUARY 1987	MARCH 1987	APRIL 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	54,147	57,268	5,077	4,616	5,026	4,882	58,800	4.0
	- Imports	4,466	4,582	443	392	447	377	4,975	14.1
	- Exports	3,791	4,458	306	372	471	390	4,619	3.9
	- New Supply	54,821	57,392	5,213	4,635	5,002	4,869	59,157	4.8
Dissolving Pulp	- Production	1,174	1,258	108	98	114	108	1,286	5.1
	- Imports	175	255	12	19	20	25	227	-13.5
	- Exports	631	711	54	65	83	59	782	17.4
	- New Supply	718	801	66	52	51	74	731	-10.8
Paper Grades Chemical Pulp	- Production	43,696	46,333	4,108	3,750	4,077	3,966	47,706	4.2
	- Imports	4,104	4,220	424	363	403	341	4,592	13.8
	- Exports	3,131	3,689	252	306	383	329	3,808	3.2
	- New Supply	44,668	46,864	4,281	3,807	4,097	3,978	48,490	5.1
Groundwood and Thermo-Mech.	- Production	5,251	5,545	497	443	474	457	5,614	2.9
	- Imports	187	108	7	10	24	12	156	156.1
	- Exports	29	59	1	1	5	3	28	-67.2
	- New Supply	5,409	5,594	503	452	493	466	5,742	5.8
Semi-Chemical	- Production	4,027	4,133	364	324	361	350	4,194	3.6
	- Imports								
	- Exports								
	- New Supply	4,027	4,133	364	324	361	350	4,194	3.6
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6,800	7,567	668	595	686	670	7,857	7.4
	- Imports	2,791	3,048	220	224	288	248	2,940	-0.4
	- Exports	3,784	4,470	296	359	444	381	4,442	-1.3
	- New Supply	5,807	6,145	592	460	530	537	6,356	10.3
Dissolving Pulp	- Production	1,172	1,251	107	98	113	108	1,278	5.3
	- Imports	174	212	7	17	17	19	178	-23.4
	- Exports	667	718	42	65	73	61	722	3.9
	- New Supply	679	745	72	49	57	66	734	-2.4
Paper Grades Chemical Pulp	- Production	5,613	6,303	560	495	572	561	6,566	7.9
	- Imports	2,531	2,754	209	205	246	225	2,656	-0.7
	- Exports	3,117	3,752	254	294	371	320	3,720	-2.2
	- New Supply	5,028	5,305	515	406	447	466	5,501	11.0
Groundwood Pulp and All Other	- Production	15	13	1	1	1	1	14	15.0
	- Imports	86	83	3	3	24	5	106	139.9
	- Exports	1	0	0	0	0	0	0	0.0
	- New Supply	100	96	4	4	26	6	120	114.4

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

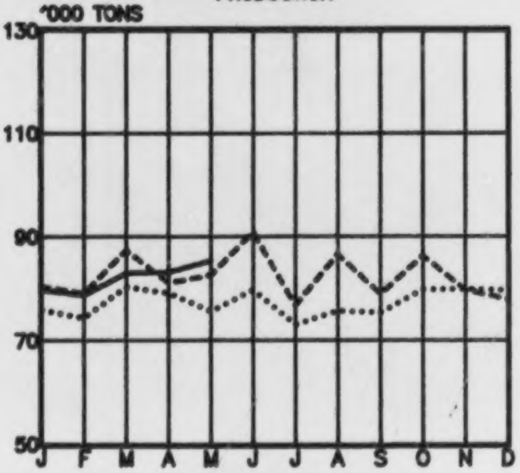
FIBROUS RAW MATERIALS
(Thousands of tons)

	1985	1986	JANUARY 1987	FEBRUARY 1987	MARCH 1987	APRIL 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	68,899	72,398	6,410	5,890	6,411	6,158	74,605	4.2
Total Wood Pulp	53,276	55,729	4,978	4,510	4,925	4,721	57,403	4.4
Waste Paper	15,623	16,670	1,432	1,380	1,485	1,437	17,201	3.6
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	165	174	183	200	198	186	186	24.8
Producers' Market Inventories	485	284	352	338	292	300	300	-17.7
Consumers' Purchased Inventories	492	569	530	561	573	580	580	8.0
Waste Paper at Paper & Bd. Mills	969	933	781	769	755	775	775	-10.5
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	30	16	20	19	16	16	16	-20.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

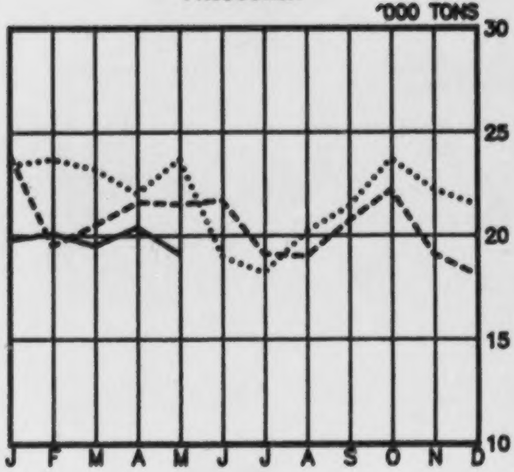
BLEACHED BRISTOLS

PRODUCTION



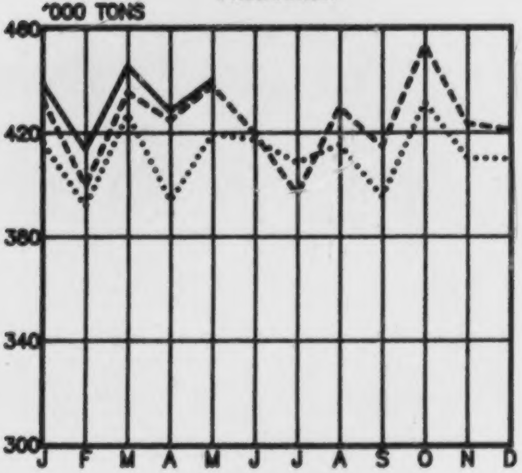
THIN PAPER

PRODUCTION



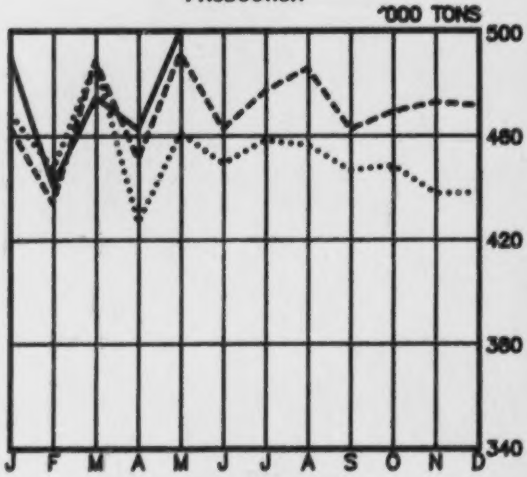
TISSUE PAPER

PRODUCTION



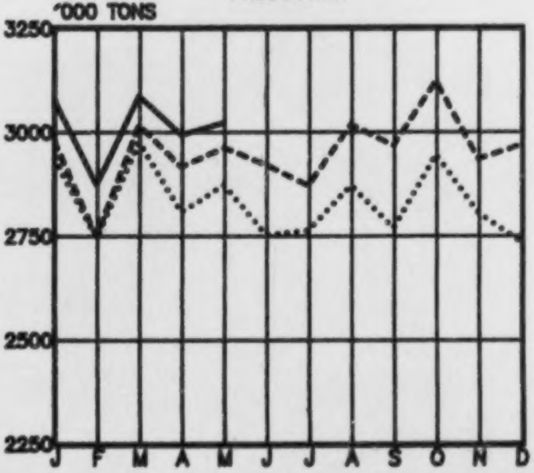
NEWSPRINT

PRODUCTION



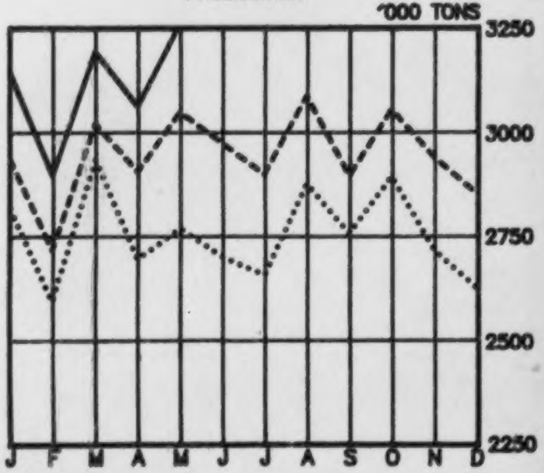
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



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FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1985	1986	JANUARY 1987	FEBRUARY 1987	MARCH 1987	APRIL 1987	Annual Rate Y-T-D 1987	% Change From Same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	85,499	90,943	8,074	7,694	7,912	7,873	94,659	3.6
	- Total Consumpt	85,744	91,434	8,049	7,541	7,869	7,855	93,942	3.1
	- Residues *	30,464	32,755	2,734	2,656	2,715	2,783	32,664	-2.0
	- Inventories	5,046	4,794	4,712	4,900	4,891	4,950	4,950	-7.2
So. Atlantic	- Total Receipts	27,589	29,513	2,518	2,439	2,563	2,523	30,129	0.0
	- Total Consumpt	27,815	29,425	2,577	2,468	2,539	2,515	30,297	2.2
	- Residues *	7,970	9,343	785	732	718	721	8,868	-5.0
	- Inventories	1,117	994	868	856	875	922	922	-19.6
Northeast	- Total Receipts	7,430	7,277	686	664	618	502	7,410	0.2
	- Total Consumpt	7,394	7,227	666	613	612	615	7,518	-1.4
	- Residues *	1,539	1,419	107	180	129	117	1,599	10.1
	- Inventories	544	484	495	542	535	430	430	4.6
South Central	- Total Receipts	29,786	31,790	2,851	2,630	2,874	3,007	34,086	7.7
	- Total Consumpt	29,914	32,113	2,801	2,622	2,804	2,812	33,117	4.9
	- Residues *	9,207	9,792	891	801	869	912	10,419	8.0
	- Inventories	1,198	926	919	910	924	1,101	1,101	-12.8
North Central	- Total Receipts	6,430	6,571	681	640	469	409	6,597	1.7
	- Total Consumpt	6,296	6,730	587	538	575	551	6,753	2.2
	- Residues *	1,290	1,042	87	77	91	85	1,020	-7.6
	- Inventories	884	892	1,021	1,149	1,046	949	949	8.7
West	- Total Receipts	14,264	15,792	1,338	1,321	1,388	1,432	16,437	4.5
	- Total Consumpt	14,325	15,939	1,418	1,300	1,339	1,362	16,257	4.1
	- Residues *	10,458	11,159	864	866	908	948	10,758	-8.7
	- Inventories	1,303	1,498	1,409	1,443	1,511	1,548	1,548	-5.7

* - Consumption of Residues in Cord Equivalents. SOURCE American Pulpwood Association 24 Jun 87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1986 Tons	$000's	MARCH Tons	1987 $000's	APRIL Tons	1987 $000's	Annual Rate Y-T-D 1987 Tons	% Change From same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	59,490	4,224	214	11	14	1	1,497	-95.2
Pulpwood chips	723,257	19,488	55,195	2,118	34,085	778	302,754	-65.3
Wood Pulp, Total	3,949,414	1,422,180	368,725	151,649	333,673	141,735	4,466,154	23.0
Waste Fibrous Materials, Total	157,870	27,196	16,763	3,389	16,244	3,433	183,333	15.6
Paper, Board & Products, Total	9,963,486	4,467,761	898,436	424,440	877,751	411,749	10,614,197	10.6
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9,842,154	4,268,820	884,394	400,345	864,805	390,127	10,458,764	10.3
Paper, Paperboard & Products	9,715,710	4,393,592	876,360	418,007	857,216	405,877	10,372,472	10.9
Paper & Paperboard, Only	9,594,378	4,194,651	862,318	393,911	844,270	384,255	10,217,039	10.6
Paper, Total	9,367,380	4,130,464	843,094	388,015	825,327	378,130	9,973,712	10.5
Newsprint	8,269,333	3,556,983	727,834	326,811	703,953	314,045	8,642,310	7.1
Printing, Writing & Rel. Pap.	868,628	457,685	91,736	48,894	100,710	52,621	1,058,339	37.5
Pack. & Ind. Conv. Paper	182,481	81,492	19,760	9,314	17,100	8,416	231,465	48.4
Special Industrial Paper	4,766	7,893	479	818	606	1,171	6,672	57.5
Tissue Paper	42,173	26,411	3,285	2,178	2,957	1,877	34,927	13.0
Paperboard, Total	226,998	64,187	19,224	5,896	18,943	6,126	243,327	15.0
Convtd Paper&Paperbd Products	121,332	198,941	14,042	24,096	12,946	21,622	155,433	37.3
Wet Machine Board	2,332	1,570	329	221	238	159	3,056	30.8
Construction Paper & Board	245,444	72,599	21,748	6,212	20,297	5,713	238,670	-0.3

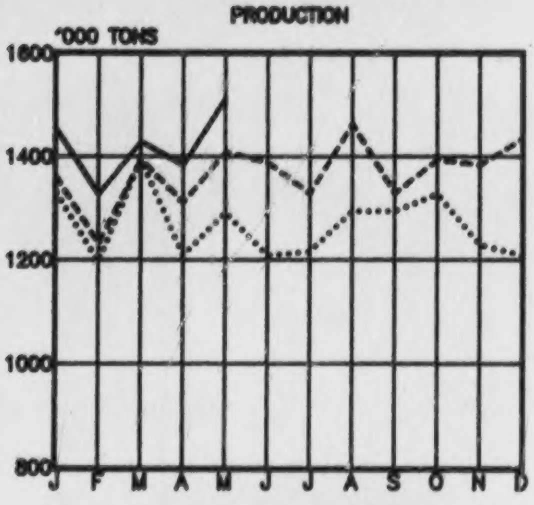
EXPORTS TO CANADA

	YEAR 1986 Tons	$000's	MARCH Tons	1987 $000's	APRIL Tons	1987 $000's	Annual Rate Y-T-D 1987 Tons	% Change From same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	39,191	2,201	421	24	245	15	5,238	-78.7
Pulpwood chips	262,844	13,577	7,550	468	6,412	464	90,684	14.1
Wood Pulp, Total	262,353	76,591	18,208	7,711	18,380	6,471	196,170	-32.5
Cotton Pulp & Other Pulp	33,629	10,458	3,268	969	2,638	1,002	35,682	27.9
Waste Paper	226,215	23,254	24,754	2,516	24,439	2,486	256,026	45.7
Paper, Board & Products, Total	846,141	464,795	78,080	51,304	76,760	52,507	882,666	-7.5
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	691,355	315,820	61,110	34,440	57,560	34,523	680,467	-14.6
Paper, Paperboard & Products	816,282	452,239	75,520	50,022	73,004	50,823	848,513	-8.3
Paper & Paperboard, Only	661,496	303,265	58,549	33,158	53,804	32,839	646,314	-16.0
Paper, Total	278,911	200,168	23,742	20,704	24,460	21,180	304,542	-6.6
Newsprint	6,040	4,457	290	268	513	457	5,028	81.3
Printing, Writing & Rel. Pap.	121,167	99,480	12,071	10,049	11,840	9,561	145,072	17.7
Pack. & Ind. Conv. Paper	25,614	16,467	1,852	1,644	2,265	1,506	26,540	-10.3
Special Industrial Paper	122,874	75,189	9,102	7,977	9,502	9,066	124,179	-26.0
Tissue Paper	3,217	4,577	428	766	340	591	3,724	34.3
Paperboard, Total	382,584	103,096	34,807	12,453	29,345	11,659	341,772	-22.8
Convtd Paper&Paperbd Products	154,786	148,975	16,971	16,864	19,199	17,985	202,199	29.0
Wet Machine Board	10,728	4,638	748	335	1,223	496	11,803	39.0
Construction Paper & Board	19,132	7,918	1,812	947	2,533	1,188	22,350	14.7

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 24-Jun-87

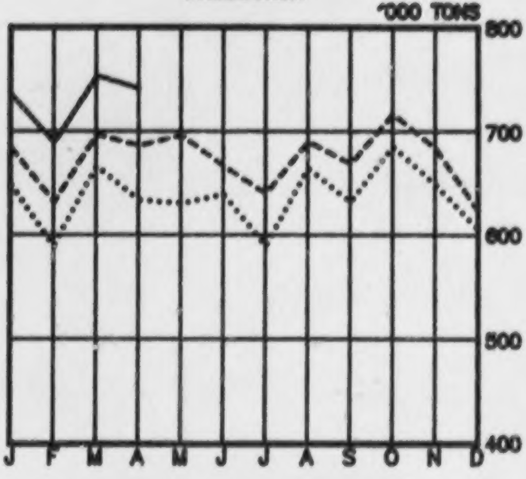
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



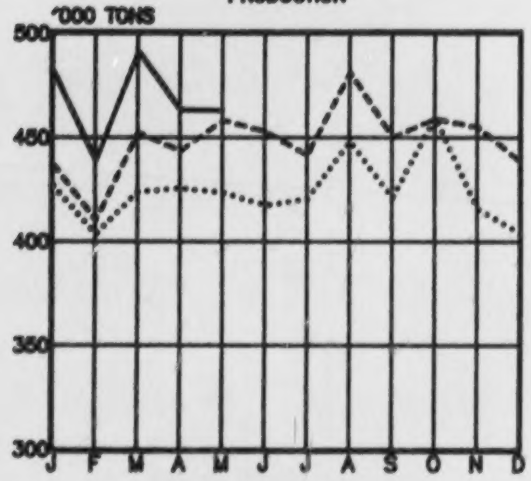
RECYCLED PAPERBOARD

PRODUCTION



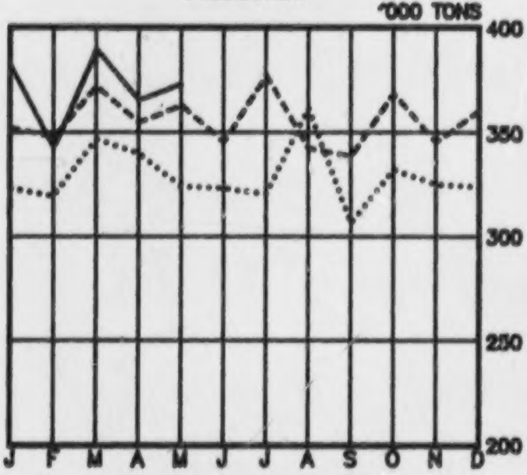
SEMICHEMICAL PAPERBOARD

PRODUCTION



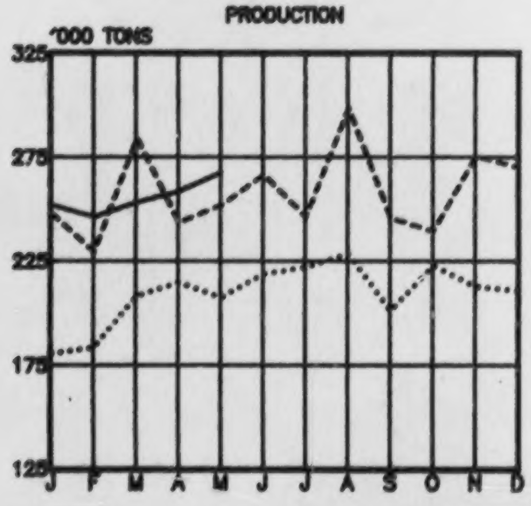
SOLID BLEACHED PAPERBOARD

PRODUCTION



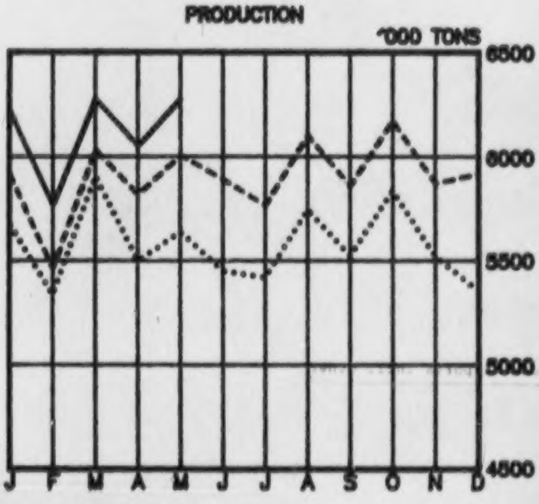
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - -1987 ———

IMPORTS

	YEAR 1986		1987		1987		(1) Annual Rate YTD 1987	% Change from same Period Last Year
	Tons	$000	MARCH Tons	MARCH $000	APRIL Tons	APRIL $000	Tons	
Pulpwood Roundwood (cords)	60,850	4,563	214	11	14	1	1,575	-95.4
Pulpwood Chips	724,828	19,642	55,595	2,160	67,301	788	493,959	-43.7
Total All Imports	16,722,494	7,674,736	1,556,796	764,075	1,460,196	730,045	17,918,705	11.9
Wood Pulp Total	4,581,760	1,601,378	447,154	181,266	377,149	162,240	4,975,269	14.1
Waste Paper	99,313	11,182	10,821	1,707	10,267	1,669	112,458	17.7
Other Fibrous Materials	104,969	26,326	7,543	2,713	7,501	2,775	87,599	-34.9
Paper Board & Products Total	11,936,452	6,035,850	1,091,279	578,389	1,065,279	563,361	12,743,378	11.6
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,546,545	5,247,129	1,054,479	496,612	1,027,104	480,459	12,313,037	11.1
Paper Ppbd & Prds ex Cnst&WMB	11,596,808	5,928,457	1,062,623	569,393	1,037,538	554,524	12,421,486	12.0
Paper & Paperboard Only	11,206,901	5,139,735	1,025,824	487,616	999,363	471,622	11,991,145	11.5
Paper Total	10,925,453	5,051,917	999,825	479,038	967,500	458,798	11,601,598	10.5
Newsprint	8,587,507	3,682,351	758,845	339,411	740,100	328,261	8,961,726	6.8
Printing & Writing	2,029,302	1,179,802	208,333	119,489	200,092	112,791	2,260,859	23.7
Uncoated Groundwood	1,028,231	531,149	115,814	58,421	109,505	54,732	1,198,082	33.7
Coated Print.& Impreg. Pap.	501,382	359,495	49,849	35,394	51,324	35,499	591,172	34.2
Uncoated Free Sheet	453,638	254,627	36,215	21,337	36,249	19,706	414,311	-6.8
Uncoated Book	223,798	126,278	17,916	10,476	24,047	12,135	210,784	-6.0
Writing and Similar Paper	229,841	128,349	18,299	10,861	12,202	7,570	203,527	-7.7
Thin (except Cigarette)	45,351	33,831	6,413	4,296	2,911	2,726	56,373	23.8
Bristols	700	700	41	42	103	128	922	91.1
Total Pkg & Other Paper	242,571	146,212	29,158	17,415	22,656	14,481	325,396	45.8
Unbleached Kraft Paper	115,008	42,650	15,031	6,071	12,381	5,405	169,783	91.0
Other Pkg. & Indust. Paper	127,562	103,562	14,127	11,344	10,275	9,076	155,613	15.9
Tissue	66,073	43,552	3,489	2,723	4,652	3,265	53,617	-10.9
Paperboard, Total	281,448	87,818	25,999	8,579	31,863	12,824	389,547	52.0
Test or Containerboard	78,063	25,596	7,056	2,438	6,000	2,199	85,521	19.5
Semi-Chemical Corrugating	99,062	22,092	8,926	2,520	10,055	2,739	121,641	40.5
Other Paperboard	104,324	40,130	10,017	3,621	15,809	7,886	182,385	86.0
Convtd Paper&Paperbd Products	389,907	788,721	36,799	81,777	38,175	82,903	430,341	27.0
Paper Products, Total	361,517	730,257	33,405	75,222	35,358	77,622	394,448	26.1
Paperboard Products, Total	28,390	58,464	3,394	6,555	2,817	5,280	35,893	38.2
Wet machine Board	3,235	2,525	381	277	272	199	3,512	-9.2
Construction Paper & Board	336,409	104,868	28,275	8,719	27,470	8,637	318,381	0.2
Notes								
Other: No Weight Avail. ($000)		212,338		20,291		18,373	209,732	13.1
Total Imports Incl. Other($000)		7,887,074		784,366		748,418	8,991,926	22.2

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	42,190	2,373	421	24	497	26	8,754	-72.5
Pulpwood Chips	2,428,333	170,022	159,928	11,890	261,498	19,601	2,265,702	13.3
Total All Exports	13,171,872	4,685,557	1,297,892	524,140	1,185,766	486,949	14,004,041	7.3
Wood Pulp, Total	4,458,312	1,662,466	471,448	210,972	389,890	173,553	4,618,242	3.9
Cotton Pulp and Other Pulp	157,452	72,500	12,469	5,854	10,752	6,259	142,884	-30.0
Waste and Old Paper	3,748,711	411,076	378,841	49,661	348,776	46,052	4,098,693	10.6
Paper, Board & Products, Total	4,807,397	2,539,515	435,134	257,652	436,348	261,085	5,144,222	9.4
Paper, Paperboard, Wet Machine Bd. & Construction Paper & Board	4,280,900	1,853,726	375,936	183,613	384,395	193,239	4,485,446	6.8
Paper, Ppbd & Prod ex Cnst&WMB	4,713,355	2,487,618	427,218	252,611	427,173	256,072	5,037,957	9.4
Paper & Paperboard, Only	4,186,858	1,801,828	368,020	178,572	375,219	188,226	4,379,181	6.8
Paper, Total	883,689	642,597	74,253	63,057	89,709	69,787	916,380	7.8
Newsprint	392,228	194,549	28,552	16,730	39,527	24,252	374,761	23.2
Printing & Writing	190,656	185,271	18,870	19,617	19,341	17,686	216,901	7.3
Uncoated Groundwood	40,847	28,947	4,810	3,519	2,380	2,157	43,407	-17.5
Clay Coated Paper	78,248	57,856	6,947	5,317	10,598	6,578	93,973	14.2
Uncoated Free Sheet	50,140	71,354	4,538	7,630	4,569	6,710	55,098	11.6
Other Printing & Writing	21,420	27,114	2,575	3,152	1,795	2,241	24,423	36.4
Total Pkg. & Other Paper	284,048	241,426	25,251	24,409	26,043	24,845	297,007	-9.5
Unbleached Kraft	78,248	32,009	8,987	3,947	7,628	3,369	86,456	28.0
Other Pkg. & Indust. Paper	205,800	209,417	16,264	20,461	18,415	21,476	210,551	-19.2
Tissue	16,758	21,351	1,579	2,301	4,798	3,005	27,711	77.2
Paperboard, Total	3,303,169	1,159,231	293,767	115,515	285,510	118,439	3,462,800	6.5
Solid Wood Pulp	2,982,973	1,074,964	273,102	107,621	267,752	109,996	3,231,114	11.9
Total Linerboard	2,177,420	635,749	190,048	66,528	179,531	62,239	2,262,474	7.0
Bleached Kraft Linerboard	133,787	51,448	3,215	1,585	2,290	970	38,029	-72.5
Unbleached Kraft Linerbd	2,043,633	584,301	186,833	64,943	177,241	61,270	2,224,445	12.6
Other Unbleached Kraft	157,614	57,548	22,927	8,115	22,662	8,606	233,587	64.7
Other Bleached Kraft	571,298	359,954	55,370	31,213	58,635	36,603	660,537	19.3
Semi-Chemical Corrugating	76,641	21,713	4,737	1,766	6,924	2,548	74,516	-5.3
Recycled Paperboard	320,196	84,268	20,665	7,894	17,758	8,442	231,686	-36.1
Convtd Paper&Paperbd Products	526,497	685,789	59,198	74,039	51,953	67,846	658,776	30.9
Paper Products, Total	240,171	456,429	25,251	49,684	25,307	47,008	283,213	24.7
Paperboard Products, Total	286,327	229,360	33,947	24,355	26,646	20,838	375,563	36.0
Wet Machine Board	18,893	7,259	1,229	534	2,216	928	22,023	15.3
Construction Paper & Board E	75,149	44,639	6,688	4,507	6,960	4,086	84,242	6.7
Notes								
Other: No Weight Avail. ($000)		7,298		761		853	7,829	0.0
Total Exports Incl. Other($000)		4,692,855		524,901		487,802	5,617,473	28.6

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.

(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1985	1986	FEBRUARY 1987	MARCH 1987	APRIL 1987	MAY 1987	Annual Rate Y T D 1987	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	306.6	307.3	309.2	309.0	307.1	6.1
Pulp Paper & Products ex. Building Grades & ex Waste Paper *	294.5	295.9	308.4	308.9	310.7	310.6	308.8	5.7
Total Wood Pulp	346.6	358.7	396.1	407.4	411.9	418.2	406.1	19.8
Total Paper	303.4	306.3	318.1	312.9	315.3	314.5	315.2	4.2
Total Paper, exc. Newsprint	298.8	300.4	310.3	302.3	301.7	300.6	304.8	2.8
Newsprint	332.9	326.1	343.3	342.2	342.7	343.1	342.4	5.6
Total Paperboard	274.6	271.9	290.2	292.6	295.8	296.2	292.2	9.5
Total Paper and Paperboard *	294.4	295.4	309.4	306.5	309.2	308.8	306.0	5.7
Converted Products	288.1	289.3	298.8	300.7	301.5	301.2	299.6	4.5
Waste Paper	148.8	172.8	201.5	213.3	218.8	217.5	209.1	49.1
All Commodities	308.9	299.8	302.7	302.8	305.1	307.3	300.9	0.5
Industrial Commodities	324.0	312.1	315.7	315.8	317.4	318.6	316.2	0.0

SOURCE. Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

PAPER INDUSTRY
CAPITAL EXPENDITURES AND APPROPRIATIONS
(Billions of dollars; seasonally adjusted at annual rates)

	(1) BEA Capital Expenditures	(2) ------Conference Board------ Capital Appropriations	(3) Expenditures
1984-1	$6.52	$4.00	$3.32
2	6.85	7.38	3.43
3	7.40	6.34	3.52
4	8.06	7.82	4.75
Year:	$7.21	$6.39	$3.75
1985-1	$7.87	$3.70	$3.52
2	8.20	2.92	3.52
3	8.73	3.55	4.23
4	9.56	2.63	4.54
Year:	$8.59	$3.20	$3.95
1986-1	$8.67	$2.11	$4.05
2	9.02	4.81	5.33
3	8.68	5.84	4.53
4	8.69	6.61	4.16
Year:	$8.76	$4.84	$4.52
1987-1	$8.03	$7.05	$4.64
2	8.48E	N.A.	N.A.

Sources: Column (1) Bureau of Economic Analysis, Department of Commerce

Columns (2,3) The Conference Board

N.A. = Not Available

E = Estimated by BEA

Data Refer to Paper and
Allied Products Companies
Included in the 1000 Largest
U. S. Companies

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

JUNE 30, 1987

PRODUCTION (000 TONS)

	MAY	APRIL	MAY	FIRST FIVE MONTHS		% CHANGE YR TO DATE
	1987	1987	1986	1987	1986	1987/1986
PAPER GRADES						
Newsprint	500	462	492	2,369	2,329	1.7
Printing & Writing	1,684	1,679	1,600	8,380	8,016	4.5
Uncoated Groundwood (s)	123	120	121	643	629	2.3
Coated Paper (s)	554	545	495	2,744	2,518	9.0
Uncoated Free Sheet Paper (s)	891	896	866	4,416	4,286	3.0
Thin Paper (s)	19	20	21	99	107	-7.5
Cotton Fiber Paper (s)	13	14	13	68	65	4.8
Bleached Bristols (s)	86	83	83	411	412	-0.1
Tissue Paper	441	429	438	2,169	2,134	1.6
Total Pkg & Other Paper	398	424	434	2,140	2,151	-0.5
Unbleached Kraft Packaging & Indl. Converting (s)	235	265	280	1,314	1,407	-6.6
Other Paper	163	159	154	827	744	11.1
TOTAL PAPER	3,024	2,994	2,964	15,058	14,629	2.9
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1,623	1,492	1,530	7,645	7,237	5.6
Unbleached Kraft Linerboard	1,510	1,381	1,406	7,092	6,695	5.9
Other Unbl. Kraft Paperboard	113	111	124	553	541	2.2
Semichemical Paperboard	463	463	458	2,336	2,200	6.2
Bleached Paperboard	373	366	363	1,854	1,791	3.5
Recycled Paperboard	802	741	696	3,720	3,394	9.6
TOTAL PAPERBOARD	3,261	3,061	3,048	15,555	14,621	6.4
TOTAL PAPER AND PAPERBOARD	6,285	6,055	6,011	30,613	29,250	4.7

WOOD PULP (ALL GRADES)	APRIL 1987	MARCH 1987	APRIL 1986	First 4 Months 1987	1986	% Change 87/86
Dissolving & Special Alpha	108	114	97	429	408	5.1
Bleached Sulfite	107	108	119	429	464	-7.6
Unbleached Sulfite	13	13	14	53	56	-4.7
Bleached & Semi-Bl. Sulfate	2146	2139	2003	8413	7970	5.6
Unbleached Sulfate	1701	1818	1712	7007	6776	3.4
Semichemical	350	361	347	1398	1350	3.6
Groundwood & Thermomechanical	457	474	459	1871	1818	2.9
Unbleached Sulfate	1823	1659	1751	5321	5064	5.1
TOTAL PULP DIVISION DATA	4882	5026	4751	19600	18841	4.0

(s) - Shipments
P - Preliminary R - Revised

June 30,1987

	Full Year		INDUSTRY DATA 1986 - 1987	R	P	Ann. Rate Year - To - Date	% From Same Pd. Last Year
PAPER AND PAPERBOARD -- Tons (000)	1985	1986	March	April	May	1987	
Total Production (API).......: excluding :...	67,030	70,861	6282	6055	6285	73,471	4.7
Total Seasonally Adjusted....:construction:...			5909	6052	6086	72,636	4.8
Imports (including Products).: and wet :..E	11,106	11,597	1063	1038	1040	12,433	10.3
Exports (including Products).: machine :..E	4,009	4,713	427	427	440	5,086	9.1
Apparent Consumption.........: grades :...	74,127 a	77,745 b	6,545	6,663	6,686	79,983 c	5.3
Paper Production % Tonnage Capacity...........	90.5 g	93.0 g	92.0	91.1	89.2	92.2 gh	-
Paperboard Production % Tonnage Capacity......	90.0 g	94.4 g	98.3	96.5	100.0	98.1 g	-
			February	March	April		
IMPORTS.....:Including Construction and :...	11,521	11,936	995	1091	1065	12,744	11.6
EXPORTS.....: WMB Grades (excl. HPB) :...	4,077	4,807	423	435	436	5,144	9.4
			February	March	April		
MARKET WOOD PULP PRODUCTION - Tons (000).........	6,800	7,567	595	686	670	7,857	7.4
TOTAL WOOD PULP PRODUCTION - Tons (000)..........	54,147	57,268	4616	5026	4882	58,800	4.0
WOOD PULP IMPORTS - TONS (000)..................	4,466	4,582	392	447	377	4,975	14.1
WOOD PULP EXPORTS - TONS (000)..................	3,791	4,458	372	472	390	4,619	4.0
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			February	March	April		
Wood Pulp.............:consumption for:.....	53,276	55,729	4510	4925	4721	57,404	4.4
Waste Paper...........:construction & :.....	15,623	16,670	1380	1486	1437	17,201	3.6
TOTAL..........: WMB grades :.....	68,899	72,398	5890	6411	6158	74,605	4.2
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	7541	7869	7855	93,942	3.1
EMPLOYMENT (000)			February	March	April		
Paper and Allied Products..........Total......	683.2	690.0	689.7	675.0	673.3	680.5	-0.6
Pulp, Paper and Board Mills........Total.....E	252.3	248.5	246.8	246.3	245.1	246.2	-0.6
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products......................	10.82	11.14	11.18	11.27	11.37	11.28	2.1
Pulp, Paper Mills..........................E	13.11	13.58	13.72	13.77	13.88	13.82	3.2
Paperboard Mills...........................E	13.60	14.01	14.01	14.00	14.28	14.09	1.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q4	1987 Q1	1987 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.76	8.69	8.69	8.69	8.51 y	-2.9
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			March	April	May		
:IN PULP, PAPER :...Production Workers..........	123.6	131.7	135.8	137.3	137.0	137.0	6.3
:AND BOARD MILLS:...All Employees...............	122.1	130.9	131.9	132.3	135.4	134.3	4.7
PAPER AND ALLIED PRODUCTS (Million $)			March	April	May		
Industry Shipments (Dept. of Commerce)*........	97,664	109,582	9,426	9,451	9,489	113,105	8.2
Pulp, Paper and Paperboard*..................	41,830	46,632	3,990	4,023	4,012	48,492	10.3
Inventories (End of Period) - Total Industry*..	9,728	10,250	10,837	10,817	10,872	10,872	11.3
Pulp, Paper and Paperboard*..................	3,800	4,078	4,172	4,187	4,195	4,195	7.1
			1986 Q3	1986 Q4	1987 Q1		
Sales (Corporations Only)......................	71,465	74,844	18,904	19,948	19941	19,941	13.8
Earnings (Corporations Only)...................	2,880	3,280	819	957	996	996	70.8
Depreciation (Corporations Only)...............	3,099	3,389	843	883	951	951	16.1
Net Worth (Corporations Only)..................	29,694	31,221	31,018	31,221	32231	32,231	7.5
PRICE INDEXES (Bureau of Labor Stats)1967=100			March	April	May		
Pulp, Paper & Products, ex. Building Grades....	292.0	293.8	307.3	309.2	309.0	307.1	6.1
Wood Pulp......................................	346.6	358.8	407.4	411.9	418.2	406.1	19.8
Waste Paper....................................	148.8	172.8	213.3	218.8	217.5	209.1	49.1
Paper..	303.4	306.3	312.9	315.3	314.5	315.2	4.2
Paperboard.....................................	274.6	271.6	292.0	295.3	296.2	292.2	9.5
PAPER DEMAND (INDEXED: 1977=100)			March	April	May		
Total Paper Production *.......................	122.8	128.1	126.7	130.0	129.0	129.2	3.0
Paper New Supply *.............................	128.7	133.7	135.7	136.7	135.9	136.4	4.3
Demand Indicators - (Weighted Average) *.....	141.6	148.8	152.3	152.2	154.6	152.6	4.2
Production of Nondurable Goods *...(21.2%).	125.3	130.9	134.6	135.1	135.9	134.8	4.5
Disposable Income ....*.(23.9%)	126.8	131.4	132.3	128.3	132.3	131.3	0.2
Total Printing and Publishing *...(54.9%).	154.3	163.3	167.9	169.2	171.6	168.7	5.6
Trend Factor				Not Available			
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *..................	114.3	122.6	123.7	126.5	128.9	127.3	6.5
Production for Domestic Use	112.8	119.5	120.8	123.6	125.7	124.5	6.9
Demand Indicators - (Weighted Average) *.....	120.1	122.1	124.6	124.1	124.8	124.4	2.2
Production of Consumer Goods *...(62.06%)	120.5	124.5	127.6	126.6	127.4	127.2	2.9
Production of Equipment *...(5.75%)	146.4	142.8	145.0	144.7	145.6	144.6	0.6
Production of Materials *...(32.19%)	114.5	113.9	115.1	115.6	116.0	115.4	1.2
Trend Factor				Not Available			
NEWSPRINT MARKETS			February	March	April		
Consumption by Publishers - Tons (000)..........	12,773	13,158	999	1,143	1,139	12,844	2.1
Newspaper Pub. and Printing Empl. Total(000)...	454	461	458	457	458	572	24.5
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)...........	155,545	153,300	12,028	13,384	13,791	185,522	25.5
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts..ex Wallpaper..Sales	34,635	38,536	3,480	3,800	3,792	43,683	16.6
Inventories (End of Period).	3,087	3,411	3,560	3,574	3,546	3,546	12.3
FIBRE BOX DATA (Fibre Box Association)			March	April	May		
Fibre Box Shipments (Million square feet).......	267,451	283,921	24,804	25,591	23,637	291,768	3.6
.Container'bd Inventory at Mill & Plant(000Tons).	2,549	2,238	2,414	2,375	2,397	2,397	0.1
RETAIL TRADE (Million $)			March	April	May		
Total Retail Sales *...........................	1,372,853	1,445,568	124,593	124,788	124,031	1,479,050	4.9
Nondurable Goods Stores Sales *...............	859,316	882,505	76,651	76,817	77,248	917,866	4.6
GENERAL ECONOMIC DATA			March	April	May		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	124.2	125.1	127.3	127.2	127.8	127.2	1.9
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	308.7	299.8	302.8	305.1	307.3	303.7	0.5
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	322.2	328.4	335.9	337.7	338.7	336.0	2.8
			February	March	April		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	531	586	575.3	574.1	577.9	577.9	7.4
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q3	1986 Q4	1987 Q1		
G.N.P. or Expenditure - Current $..............	3,998	4,206	4,241	4,259	4,348	4,348	4.8
G.N.P. or Expenditure - 1982 $.................	3,585	3,675	3,686	3,696	3,736	3,736	2.2

lb/capita

	Pap&Papbd	Othr	Totl	Popul(mil)
.a -	620 +	18 =	638	239.3
.b -	644 +	17 =	661	241.5
.c -	654 +	17 =	671	244.5

.e - estimated by API

E - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
j - Census unpublished data: standard dev. = 6-8%
h - Adjusted to Conform with API Division data
j - Census unpublished data: standard dev. = 6 - 8%
Q - Quarter

R - Revised
y - Full year estim. by U.S. Dept. of Com.

* - Seasonally Adjusted.

Continued from Page 2

Imports of unbleached kraft papers amounted to 56,600 tons during the first four months of 1987, which were nearly twice their year-ago total. Exports of unbleached kraft papers have exceeded imports by substantial margins during recent years, but this pattern was reversed during the January-April 1987 period with imports nearly doubling exports. API's October 1986 Capacity Survey reported that over 300,000 tons of unbleached kraft paper capacity were to be shifted to other grades during 1986 and 1987.

Paperboard production: Demand for paperboard has been remarkably strong throughout the first five months of 1987. The seasonally adjusted rate of production in the April-May 1987 period was 37.0 million tons per year; the five-month 1987 rate, 36.8 million tons per year. This year-to-date rate was 6.4% above its year-ago level, which compared very favorably with the record-high 35.4 million tons noted for all of 1986.

All the major grades of paperboard shared in this growth. As the table on page 3 shows, kraft linerboard production gained 5.9%; semichemical paperboard production 6.2%; recycled paperboard production 9.6%; and solid bleached paperboard 3.5%. The production totals for all the grades represented operating rates well above 95% of their respective capacities.

The gains in the product totals mirror those shown in the market totals. Containerboard production for domestic use, for example, rose by 6.9% from the first five months of 1986 to the comparable 1987 period. This compares to a 3.6% increase in shipments of fibre boxes reported this same period. Inventories of containerboard at mills and box plants rose slightly in May, but still remained at a relatively low 5.75 weeks of supply, with production for domestic use generally matching consumption totals.

While boxboard production for domestic use showed a somewhat smaller increase, total production of folding boxboard rose by 5.5%, with all of the gain in production for domestic use. However, production of the milk carton and food service grades in the first five months of this year only matched their year-ago total. Production of tube can and drum stock, and of the non-packaging grades, showed relatively good gains.

Technical Note: The data on shipments of printing and writing papers and on production of paper and paperboard have been revised for all of 1986 and the first four months of 1987. These revisions are based on the annual re-surveys of data conducted by the Printing-Writing, Paperboard and Fourdrinier Kraft Board Divisions of the American Paper Institute. The Printing-Writing Division also revised its 1985-87 data to reflect a shift of certain grades to special industrial papers.

Continued on Page 12

CAPITAL EXPENDITURES

Surveys conducted by three separate organizations indicate that the paper industry is continuing to spend heavily on plant and equipment. In a survey conducted during April and May, the Commerce Department found that paper and allied products industry companies intended to spend $8.48 billion on new plant and equipment during 1987, down only 3.2% from 1986's record outlays.

An earlier assessment, conducted by the Commerce Department last fall, pointed to a more substantial 7.8% decline in capital expenditures during 1987. The narrowing of the differential reflected an increase in anticipated expenditures for 1987, together with a 1.5% downward revision in the 1986 base, from $8.89 billion to $8.76 billion. By way of comparison, capital spending by the paper and allied products industry soared 19.2% in 1985 and then grew another 2% last year, to its record high of $8.76 billion.

While the Commerce Department is projecting that capital spending by the paper industry will be off slightly this year, other economic research organizations anticipate an increase. McGraw-Hill's latest survey, conducted during April and May of 1987, indicates that the paper industry will expand its capital outlays by 4% in 1987, to $9.12 billion.

The Conference Board keeps tabs on both capital expenditures and capital appropriations. Their latest report indicates that newly-approved capital appropriations by paper companies rose substantially during the last four quarters, from $2.1 billion (annual rate) in the first quarter of 1986 to $7.1 billion in the initial quarter of 1987. The Conference Board also reported that backlogs of paper industry capital appropriations totaled $5.04 billion at the end of March 1987, up from $4.4 billion at the end of 1986. Based on the recent strength in both appropriations and backlogs, the Conference Board is projecting a 9% increase in paper industry capital expenditures for 1987. (See table, page 10)

Paper industry companies also plan to spend some $912 million on research and development, according to a recent report by Data Resources, Inc., a subsidiary of McGraw-Hill. This represents a 64% increase from the 1985 total reported by DRI. Research and development expenditures represent somewhat over 1% of total industry sales and have grown, on average, by 10% a year during the last decade.

8/17/87 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 7 JULY 1987

PAPER AND PAPERBOARD PRODUCTION: HOLDING STEADY AT RECORD-HIGH RATES

Production of paper and paperboard in June continued along the record-high path it has been following throughout this year. The seasonally adjusted monthly rate of production in June was above the 6 million-ton level for four out of the past six months, and in no month was it below 5.9 million tons. For the entire first half of 1987, the production rate averaged 72.5 million tons per year, 4.2% above its year-earlier rate and 2.3% above the total 1986 high.

The seasonally adjusted rate is computed on the basis of such factors as the number of days in the month; the pattern of market demand of the different markets for paper and paperboard products; and, as an almost unique feature of the paper industry, the effect on production of shutdowns for maintenance and repair in July and December. During the past two years the labor contracts associated with these shutdowns have changed, and many mills remained open last December, spiking the computed seasonally adjusted rate sharply upward. Weekly data for July indicate that a relatively large number of mills remained open in July, breaking the pattern of past years.

Paper: While strength in demand has been evident in both the paper and paperboard sectors of the industry, the ratio of paper production relative to capacity has been lower than the paperboard ratio. Part of this reflects the relatively large increases in capacity in some of the printing-writing paper grades, and part the weakness in demand for kraft packaging papers. At the same time, the rate of total paper production in the first half of 1987 was at a record-high 36.0 million tons per year, 3.2% ahead of its year-ago level.

The major strengths during May and June were in the printing-writing paper and "other paper" grades. Demand for coated papers has been particularly strong. New orders moved sharply above shipments during the spring months, the backlog of orders rose steeply, and the six-month shipments total was an impressive 12% above its year-ago level. The gains in demand were centered on commercial printing and book publishing; demand by magazine and other periodical publishers showed only nominal increases. Shipments of uncoated free sheet paper were also above their year-ago level, with incoming orders remaining close to the shipments level and the unfilled order backlog remaining firm. Major gains were in commercial printing and office-copy paper.

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Shipments of unbleached kraft papers have softened, largely as a result of declines in demand for bag and sack papers, which was only partially offset by increases in demand for multiwall bag papers. However, in the past 12 to 18 months some kraft paper capacity has been shifted to other grades.

Paperboard: The strength in paperboard demand is spread throughout the grade structure; production of each major furnish showing gains in the 3% to 6% range over their year-ago totals. The 6% gain was recorded in production of kraft linerboard, while semichemical paperboard posted a 5.6% increase. The strength in output of these containerboard grades reflected the heavy demand for corrugated shipping containers. Even with these record-high production rates, inventories of containerboard at mills and plants at the end of the first half of 1987 were only about 200,000 tons above the year-end 1986 level. The current rate was equivalent to 5.6 days of supply.

Demand for the boxboard grades showed only modest growth, as indicated by the 2.2% increase in production of boxboard for domestic use. However, production of the non-packaging grades showed somewhat greater strength; these grades are included in the "All other paperboard" category shown at the bottom of the table on page 3. That same table shows that total paperboard exports in the first half of 1987 just matched their year-earlier total, running at 3 million tons per year, accounting for 8% of domestic production.

IMPORTS AND EXPORTS

Although imports of paper, paperboard and converted products eased in May, the month-to-month imports so far this year have fluctuated in a narrow range about a fairly flat trend. For the entire January-May 1987 period, imports averaged 12.7 million tons per year, 9.6% above their year-ago level. Paper imports were up 8.6, but imports of paperboard rose by 49%. Most of the increase in paperboard imports occurred in the recycled grades, with the year-to-date rate reaching 184,000 tons per year. Among the paper grades, the uncoated groundwood and coated paper grades showed relatively strong gains, while imports of uncoated papers declined. Imports of unbleached kraft papers were 84% above their year-ago total, coming in at a rate of 169,000 tons per year, with most of the tonnage coming from Canada. Although domestic production of unbleached kraft papers is presently running some 7% below year-ago levels, kraft paper machines are operating at about 95% of capacity, reflecting, in part, a swing to kraft linerboard on some of the dual purpose machines.

Exports of paper, paperboard and converted products have also fluctuated in a narrow range about a flat trend so far this year. For the entire January-May period, exports averaged 5.1 million tons per year, up 7.3% from their comparable year-ago level. Paper exports were up 5.5%, as increases in some of the printing and writing papers were partly offset by declines in uncoated groundwood paper and "other papers" -- largely special industrial papers. Total paperboard exports gained modestly, with unbleached kraft linerboard exports rising 8.7% and recycled paperboard exports falling some 30%.

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

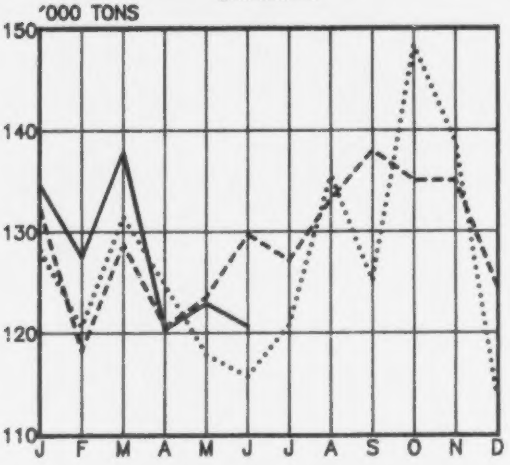
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1985	YEAR 1986	MAR 1987 (R)	APRIL 1987 (R)	MAY 1987 (P)	JUNE 1987 (P)	Annual Rate Y-T-D 1987	% Change From same Period Last Year
PAPER								
Newsprint - Production	5,428	5,630	475	462	500	490	5,717	2.4
- Shipments	5,431	5,638	487	472	499	497	5,737	4.1
Printing & Writing Sum (R)	18,423	19,601	1,722	1,693	1,684	1,702	20,192	4.8
Groundwood Paper - Shipments (R)	1,521	1,540	138	120	123	121	1,527	1.5
- New Orders (R)	1,477	1,553	154	109	121	144	1,553	2.8
-Unfilled Orders (R)	106	124	127	116	114	146	146	27.0
Coated Papers Shipments (R)	5,875	6,263	548	548	554	569	6,631	9.7
- New Orders (R)	5,642	6,334	527	561	630	665	6,922	12.4
- Unfilled Orders (R)	393	469	429	446	521	629	629	40.5
Unctd Free Sheet - Shipments (R)	9,690	10,410	919	906	891	903	10,658	3.4
- New Orders (R)	9,704	10,485	900	891	903	916	10,604	1.4
- Unfilled Orders (R)	509	587	544	538	551	553	553	-5.0
Thin Papers - Shipments	262	247	20	20	19	18	234	-8.9
Cotton Fiber Paper - Shipments	144	152	15	14	13	15	165	6.1
Bleached Bristols - Production	930	990	83	85	86	76	977	-2.9
Tissue Paper - Production	4,941	5,095	446	429	441	438	5,213	2.1
Total Packaging & Other Paper	5,204	5,117	448	425	396	409	5,110	-0.6
Unbl. Kraft Paper - Shipments	3,403	3,303	274	265	233	249	3,120	-7.1
Other Paper - Production	1,801	1,814	174	160	162	160	1,990	11.7
TOTAL PAPER-Production-Unadj.	33,996	35,443	3,090	3,009	3,021	3,038	36,232	3.2
-Production-S.A.			2,927	3,015	2,974	3,055	35,976	3.2
PAPERBOARD PRODUCTION								
Solid Wood Pulp Furnish	25,404	27,336	2,440	2,320	2,464	2,401	28,481	5.2
Total Unbl. Kraft Paperboard	16,368	17,689	1,559	1,492	1,626	1,588	18,472	5.6
Unbl. Kraft Linerboard (1)	15,183	16,402	1,426	1,381	1,515	1,469	17,130	6.0
Production for Export	1,830	2,246	177	184	190	187	2,206	-0.9
Other Unbl. Kraft Paperboard	1,184	1,287	133	111	112	119	1,342	1.1
Semichemical Paperboard	5,088	5,376	491	463	463	466	5,604	5.6
Production for Export	189	213	13	18	24	19	219	22.5
Solid Bleached Paperboard	3,948	4,271	390	366	375	347	4,405	3.1
Production for Export	466	569	59	54	50	37	586	3.9
Recycled Paperboard	7,630	8,083	754	741	647	709	8,549	5.3
Production for Export	26	70	4	3	3	2	33	-56.8
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35,419	3,194	3,061	3,111	3,110	37,030	5.2
- Containerboard Prod.(Dom. Use)	20,042	21,426	1,916	1,846	1,956	1,921	22,552	6.9
- Boxboard Prod.(Dom. Use) (2)	5,673	5,903	534	513	490	490	6,120	2.2
- All Other P'bd Prod.(D.U.) (2)	4,808	4,992	492	444	397	454	5,314	5.1
- Total Paperbd Prod. for Export	2,511	3,097	253	258	267	245	3,043	0.0
TOTAL PAPERBOARD PROD.- S.A.			2,984	3,052	2,966	3,040	36,498	5.3
TOTAL PAPER AND PAPERBOARD								
Production - actual	67,030	70,861	6,285	6,070	6,132	6,149	73,262	4.2
Production - S.A.			5,912	6,068	5,940	6,096	72,474	4.2

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.

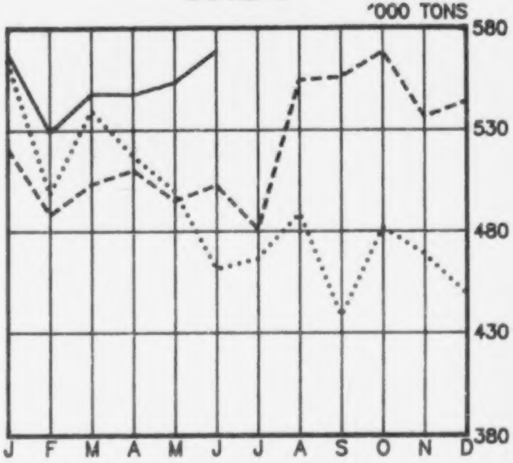
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



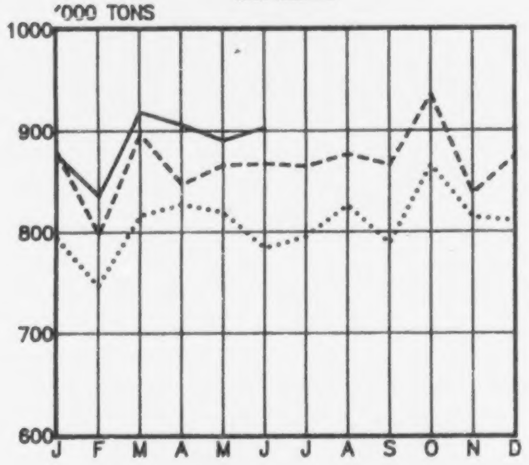
COATED PAPER

SHIPMENTS



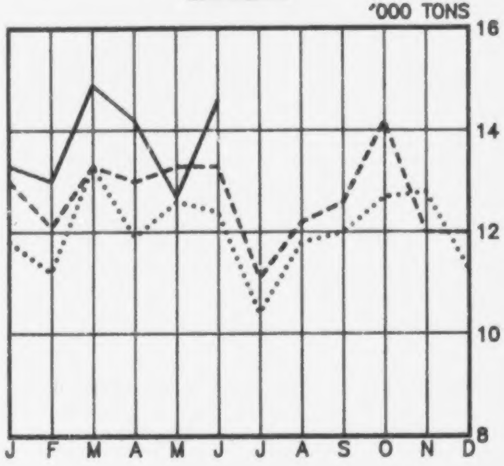
UNCOATED FREE SHEET PAPERS

SHIPMENTS



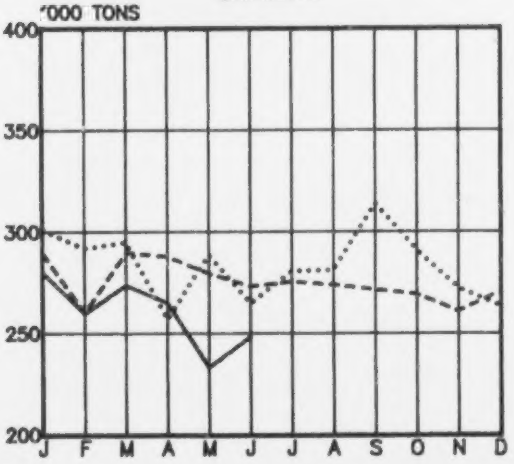
COTTON FIBER PAPER

SHIPMENTS



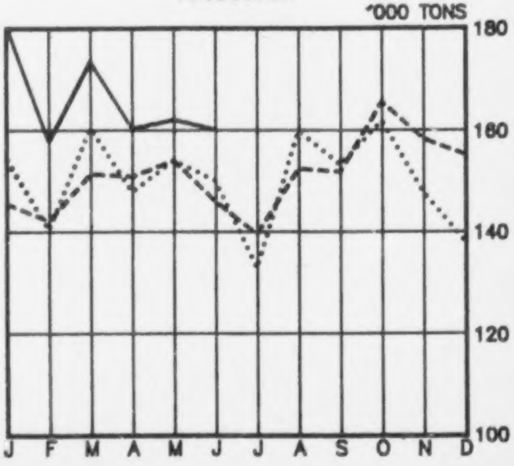
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1985 .... 1986 ----- 1987 ———

WOOD PULP STATISTICS

(Thousands of Tons)

		YEAR 1985	YEAR 1986	FEBRUARY 1987	MARCH 1987	APRIL 1987	MAY 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
TOTAL WOOD PULP					R	P			
Total Wood Pulp	- Production	54,147	57,268	4,616	5,026	4,882	4,875	58,740	3.7
	- Imports	4,466	4,582	392	447	377	388	4,911	9.1
	- Exports	3,791	4,458	372	471	390	377	4,599	3.6
	- New Supply	54,821	57,392	4,635	5,002	4,869	4,886	59,052	4.1
Dissolving Pulp	- Production	1,174	1,258	98	114	108	99	1,266	1.9
	- Imports	175	255	19	20	25	13	213	-11.8
	- Exports	631	711	65	83	53	52	749	9.7
	- New Supply	718	801	52	51	74	60	729	-8.9
Paper Grades Chemical Pulp	- Production	43,696	46,333	3,750	4,077	3,966	3,956	47,659	3.9
	- Imports	4,104	4,220	363	403	341	365	4,550	9.5
	- Exports	3,131	3,689	306	383	329	323	3,822	4.1
	- New Supply	44,668	46,864	3,807	4,097	3,978	3,998	48,387	4.4
Groundwood and Thermo-Mech.	- Production	5,251	5,545	443	474	457	475	5,631	2.7
	- Imports	187	108	10	24	12	10	148	38.7
	- Exports	29	59	1	5	3	2	27	-65.1
	- New Supply	5,409	5,594	452	493	466	482	5,751	4.4
Semi-Chemical	- Production	4,027	4,133	324	361	350	346	4,184	3.2
	- Imports								
	Exports								
	- New Supply	4,027	4,133	324	361	350	346	4,184	3.2
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6,800	7,567	595	686	670	636	7,812	6.3
	- Imports	2,791	3,048	224	288	248	224	2,890	-4.8
	- Exports	3,784	4,470	359	444	381	388	4,485	2.6
	- New Supply	5,807	6,145	460	530	537	472	6,218	3.4
Dissolving Pulp	- Production	1,172	1,251	98	113	108	99	1,259	2.1
	- Imports	174	212	17	17	19	7	159	-23.8
	- Exports	667	718	65	73	61	64	730	5.3
	- New Supply	679	745	49	57	66	42	689	-8.0
Paper Grades Chemical Pulp	- Production	5,613	6,303	495	572	561	536	6,539	7.2
	- Imports	2,531	2,754	205	246	225	214	2,637	-4.0
	- Exports	3,117	3,752	294	371	320	325	3,755	2.1
	- New Supply	5,028	5,305	406	447	466	425	5,421	4.8
Groundwood Pulp and All Other	- Production	15	13	1	1	1	1	14	15.4
	- Imports	86	83	3	24	5	4	94	15.6
	- Exports	1	0	0	0	0	0	0	0.0
	- New Supply	100	96	4	26	6	5	108	15.6

SOURCES. Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

FIBROUS RAW MATERIALS

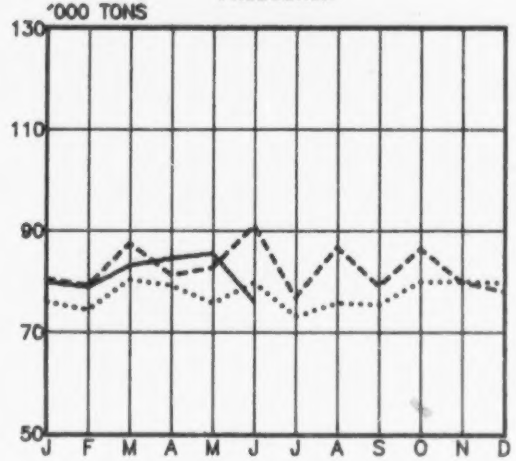
(Thousands of tons)

	1985	1986	FEBRUARY 1987	MARCH 1987	APRIL 1987	MAY 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	69,670	73,225	5,957	6,484	6,228	6,330	75,558	3.3
Total Wood Pulp	54,047	56,555	4,577	4,998	4,791	4,830	58,197	3.8
Waste Paper	15,623	16,670	1,380	1,485	1,437	1,500	17,361	3.7
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	165	174	200	198	186	183	183	11.5
Producers' Market Inventories	485	284	338	292	300	282	282	-22.5
Consumers' Purchased Inventories	492	569	561	573	580	570	570	12.1
Waste Paper at Paper & Bd. Mills	969	933	769	755	775	752	752	-7.8
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	30	16	19	16	16	15	15	-28.6

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

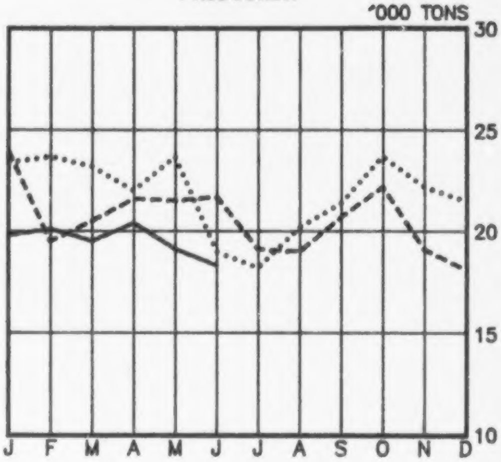
BLEACHED BRISTOLS

PRODUCTION



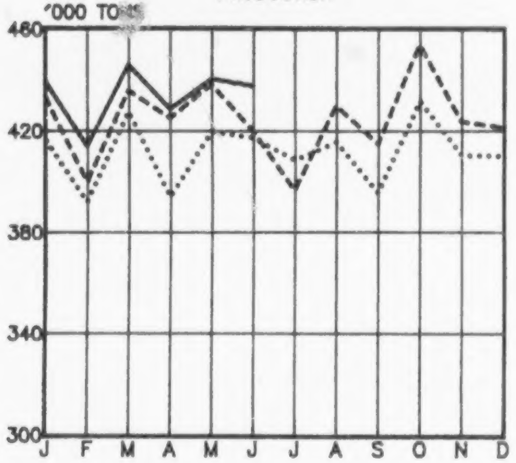
THIN PAPER

PRODUCTION



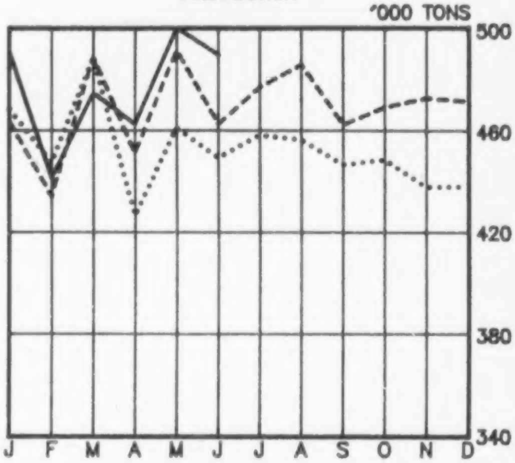
TISSUE PAPER

PRODUCTION



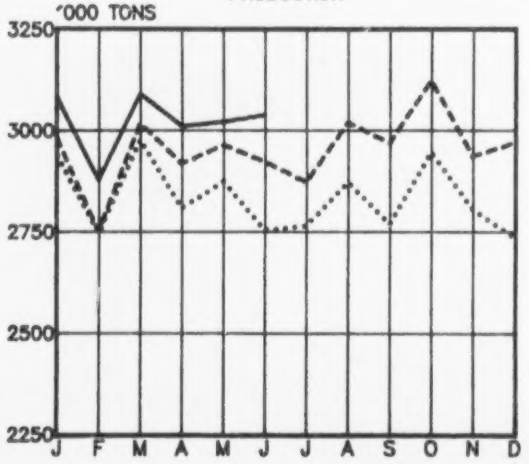
NEWSPRINT

PRODUCTION



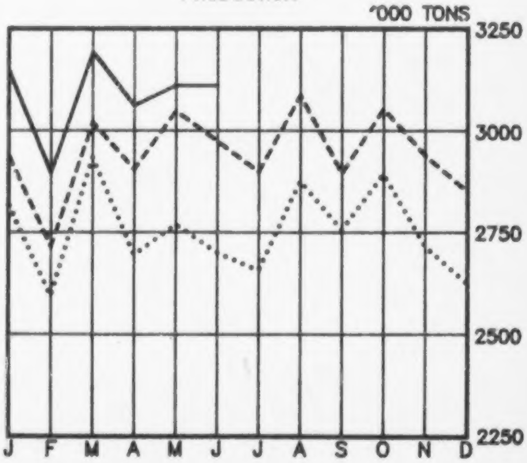
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - -1987 ———

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1985	1986	FEBRUARY 1987	MARCH 1987	APRIL 1987	MAY 1987	Annual Rate Y-T D 1987	% Change From Same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	85,499	90,943	7,694	7.912	7.873	7,382	93,444	3.2
	- Total Consumpt	85.744	91,434	7,541	7,869	7,855	7,582	93,350	2.7
	- Residues *	30,464	32,755	2,656	2,715	2,783	2.629	32,441	-3.2
	- Inventories	5,046	4,794	4,900	4,891	4,950	4,557	4.557	-7.2
So. Atlantic	- Total Receipts	27,589	29,513	2,439	2,563	2,523	2,570	30,271	1.5
	- Total Consumpt	27,815	29,425	2,468	2,539	2,515	2.580	30,430	3.3
	- Residues *	7.970	9,343	732	718	721	748	8.890	-5.7
	- Inventories	1,117	994	856	875	922	963	963	-13.8
Northeast	- Total Receipts	7,430	7,277	664	618	502	511	7,154	-0.4
	- Total Consumpt	7,394	7,227	613	612	615	561	7,361	-1.5
	- Residues *	1.539	1.419	180	129	117	118	1,562	8.1
	- Inventories	544	484	542	535	430	402	402	11.7
South Central	- Total Receipts	29,786	31,790	2.630	2.874	3,007	2,565	33.425	6.4
	- Total Consumpt	29,914	32,113	2,622	2,804	2.812	2,561	32,640	2.7
	- Residues *	9,207	9,792	801	869	912	803	10,262	5.9
	- Inventories	1,198	926	910	924	1,101	1,062	1,062	-2.3
North Central	- Total Receipts	6,430	6,571	640	469	409	431	6.312	-0.6
	- Total Consumpt	6,296	6,730	538	575	551	547	6,715	1.0
	- Residues *	1,290	1,042	77	91	85	81	1,010	-7.7
	- Inventories	884	892	1,149	1,046	949	809	809	0.2
West	- Total Receipts	14,264	15,792	1,321	1.388	1,432	1,305	16,282	3.0
	- Total Consumpt	14,325	15,939	1,300	1,339	1,362	1,333	16,205	4.5
	- Residues *	10,458	11,159	866	908	948	879	10,716	-9.7
	- Inventories	1,303	1,498	1,443	1,511	1,548	1.321	1,321	-14.2

* - Consumption of Residues in Cord Equivalents. SOURCE American Pulpwood Association 22 Jul 87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1986 Tons	$000's	APRIL Tons	1987 $000's	MAY Tons	1987 $000's	Annual Rate Y-T-D 1987 Tons	% Change From same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	59,490	4,224	14	1	92	14	1,418	-96.9
Pulpwood chips	723,257	19,488	34,085	778	43,184	1,205	345,845	-62.2
Wood Pulp, Total	3,949,414	1,422,180	333,673	141,735	353,286	148,203	4,420,810	17.3
Waste Fibrous Materials, Total	157,870	27,196	16,244	3,433	19,662	3,951	193,856	20.6
Paper, Board & Products, Total	9,963,486	4,467,761	877,751	411,749	900,452	417,895	10,652,443	9.0
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9,842,154	4,268,820	864,805	390,127	888,279	398,565	10,498,881	8.8
Paper, Paperboard & Products	9,715,710	4,393,592	857,216	405,877	882,716	412,263	10,416,495	9.4
Paper & Paperboard, Only	9,594,378	4,194,651	844,270	384,255	870,542	392,932	10,262,933	9.2
Paper, Total	9,367,380	4,130,464	825,327	378,130	848,864	386,165	10,016,244	9.1
Newsprint	8,269,333	3,556,983	703,953	314,045	736,501	327,544	8,681,450	5.9
Printing, Writing & Rel. Pap.	868,628	457,685	100,710	52,621	90,080	46,893	1,062,862	34.4
Pack. & Ind. Conv. Paper	182,481	81,492	17,100	8,416	17,825	8,416	227,952	43.2
Special Industrial Paper	4,766	7,893	606	1,171	426	780	6,359	47.3
Tissue Paper	42,173	26,411	2,957	1,877	4.033	2,532	37.620	19.2
Paperboard, Total	226,998	64,187	18,943	6,126	21,678	6,768	246,689	13.1
Convtd Paper&Paperbd Products	121,332	198,941	12,946	21,622	12,173	19,331	153,562	30.7
Wet Machine Board	2,332	1,570	238	159	205	144	2,937	27.9
Construction Paper & Board	245,444	72,599	20,297	5,713	17,532	5,488	233,011	-6.8

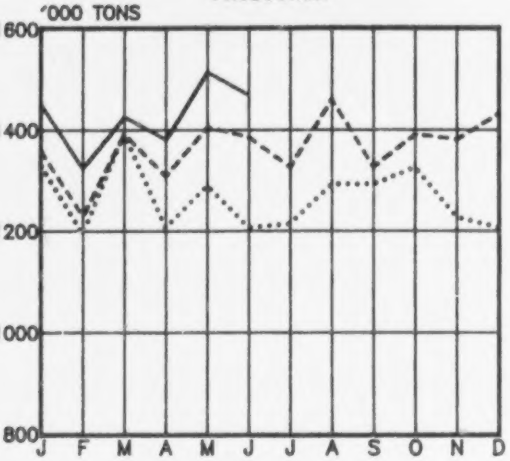
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	39,191	2,201	245	15	0	0	4,190	-89.1
Pulpwood chips	262,844	13,577	6.412	464	5,765	373	86,383	28.5
Wood Pulp, Total	262,353	76,591	18,380	6,471	17,619	5,911	199,222	-26.9
Cotton Pulp & Other Pulp	33,629	10,458	2,638	1,002	5,172	1,421	40,958	64.7
Waste Paper	226,215	23,254	24,439	2,486	19,736	2,044	252,187	43.6
Paper, Board & Products, Total	846,141	464,795	76,760	52,507	68,515	47,898	870,568	-4.2
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	691,355	315,820	57,560	34.523	50,427	30,324	665,397	-12.0
Paper, Paperboard & Products	816,282	452,239	73,004	50,823	65,508	46,455	836,029	-5.1
Paper & Paperboard, Only	661,496	303,265	53,804	32,839	47,420	28,881	630,859	-13.4
Paper, Total	278,911	200,168	24,460	21,180	21,810	19,070	295,978	-4.6
Newsprint	6,040	4,457	513	457	370	324	4,909	49.4
Printing, Writing & Rel. Pap.	121,167	99,480	11,840	9,561	10,362	8,625	140,927	14.3
Pack. & Ind. Conv. Paper	25,614	16,467	2,265	1,506	1,828	1,315	25,618	-13.1
Special Industrial Paper	122,874	75,189	9,502	9,066	9,007	8,444	120,961	-20.3
Tissue Paper	3,217	4,577	340	591	243	362	3,562	36.5
Paperboard, Total	382,584	103,096	29,345	11,659	25,610	9,812	334,881	-19.9
Convtd Paper&Paperbd Products	154,786	148,975	19,199	17,985	18,088	17.574	205.170	34.3
Wet Machine Board	10,728	4,638	1,223	496	972	466	11,776	24.7
Construction Paper & Board	19,132	7,918	2,533	1,188	2,034	977	22,763	25.4

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 22-Jul-87

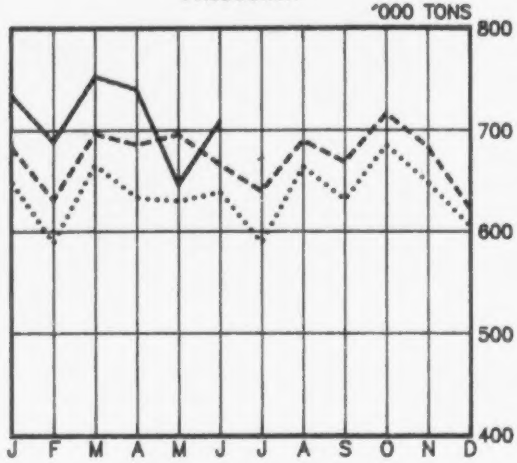
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



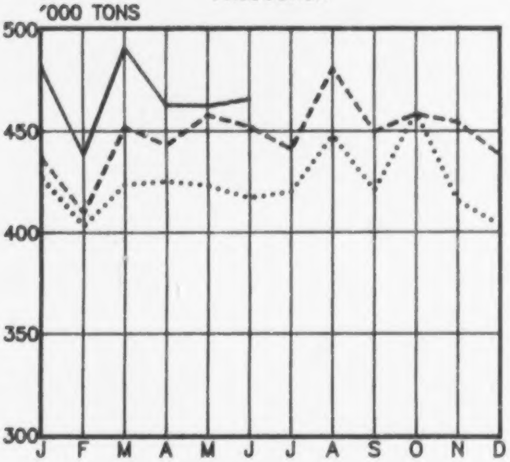
RECYCLED PAPERBOARD

PRODUCTION



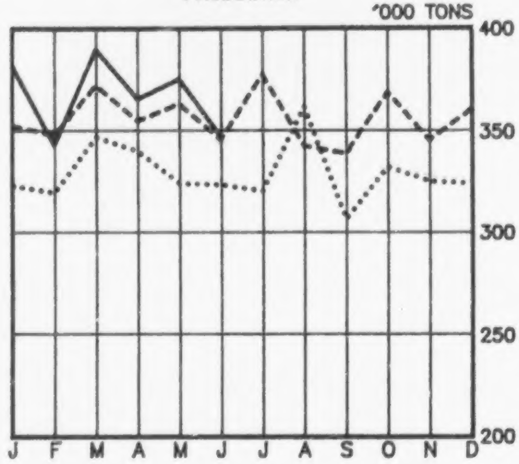
SEMICHEMICAL PAPERBOARD

PRODUCTION



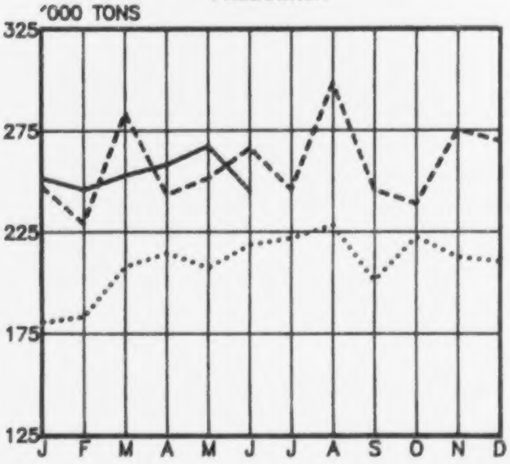
SOLID BLEACHED PAPERBOARD

PRODUCTION



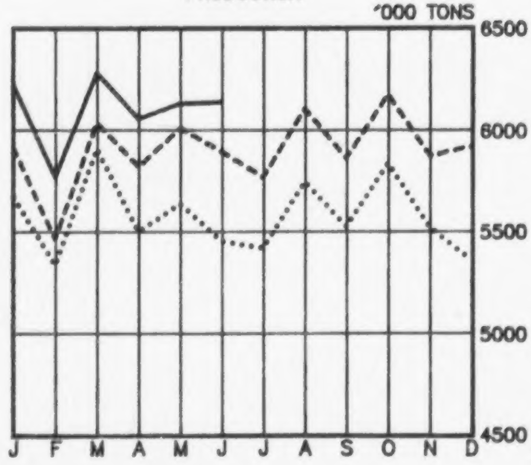
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - - 1987 ———

IMPORTS

	YEAR 1986 Tons	YEAR 1986 $000	1987 APRIL Tons	1987 APRIL $000	1987 MAY Tons	1987 MAY $000	(1) Annual Rate YTD 1987 Tons	% Change from same Period Last Year
Pulpwood Roundwood (cords)	60,850	4,563	14	1	116	20	1,538	-96.84
Pulpwood Chips	724,828	19,642	67,301	788	43,216	1,215	498,886	-45.69
Total All Imports	16,722,494	7,674,736	1,460,196	730,045	1,459,359	[illegible]	17,837,425	9.21
Wood Pulp Total	4,581,760	1,601,378	377,149	162,240	387,634	163,822	4,910,537	9.09
Waste Paper	99,313	11,182	10,267	1,669	11,504	1,672	117,576	20.01
Other Fibrous Materials	104,969	26,326	7,501	2,775	10,465	3,382	95,195	-26.55
Paper Board & Products Total	11,936,452	6,035,850	1,065,279	563,361	1,049,756	549,598	12,714,117	9.57
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,546,545	5,247,129	1,027,104	480,459	1,014,604	469,498	12,285,479	9.16
Paper Ppbd & Prds ex Cnst&WMB	11,596,808	5,928,457	1,037,538	554,524	1,023,665	541,022	12,393,984	10.00
Paper & Paperboard Only	11,206,901	5,139,735	999,363	471,622	988,512	460,921	11,965,345	9.60
Paper Total	10,925,453	5,051,917	967,500	458,798	956,187	449,340	11,576,126	8.63
Newsprint	8,587,507	3,682,351	740,100	328,261	760,641	337,529	8,994,919	5.63
Printing & Writing	2,029,302	1,179,802	200,092	112,791	167,013	94,254	2,209,518	19.04
Uncoated Groundwood	1,028,231	531,149	109,505	54,732	95,545	47,448	1,187,772	29.45
Coated Print.& Impreg. Pap.	501,382	359,495	51,324	35,499	37,253	25,517	562,345	26.74
Uncoated Free Sheet	453,638	254,627	36,249	19,706	30,137	18,241	403,778	-10.22
Uncoated Book	223,798	126,278	24,047	12,135	17,762	10,293	211,254	-8.89
Writing and Similar Paper	229,841	128,349	12,202	7,570	12,376	7,948	192,523	-11.63
Thin (except Cigarette)	45,351	33,831	2,911	2,726	3,998	2,961	54,693	22.69
Bristols	700	700	103	128	80	88	930	68.95
Total Pkg & Other Paper	242,571	146,212	22,656	14,481	22,872	13,648	315,210	41.19
Unbleached Kraft Paper	115,008	42,650	12,381	5,405	13,922	5,702	169,239	83.56
Other Pkg. & Indust. Paper	127,562	103,562	10,275	9,076	8,950	7,946	145,971	11.39
Tissue	66,073	43,552	4,652	3,265	5,661	3,909	56,479	-7.73
Paperboard, Total	281,448	87,818	31,863	12,824	32,326	11,582	389,220	49.14
Test or Containerboard	78,063	25,596	6,000	2,199	7,079	2,435	85,407	19.24
Semi-Chemical Corrugating	99,062	22,092	10,055	2,739	9,224	2,294	119,450	27.48
Other Paperboard	104,324	40,130	15,809	7,886	16,023	6,853	184,363	92.75
Convtd Paper&Paperbd Products	389,907	788,721	38,175	82,903	35,152	80,101	428,638	22.46
Paper Products, Total	361,517	730,257	35,358	77,622	32,099	74,870	392,596	21.60
Paperboard Products, Total	28,390	58,464	2,817	5,280	3,053	5,231	36,042	32.64
Wet machine Board	3,235	2,525	272	199	255	194	3,422	-5.56
Construction Paper & Board	336,409	104,868	27,470	8,637	25,836	8,382	316,711	-4.98
Notes								
Other: No Weight Avail. ($000)		212,338		18,373		19,176	213,807	12.06
Total Imports Incl. Other($000)		7,887,074		748,418		737,650	8,963,901	19.43

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	42,190	2,373	497	26	0	0	7,003	-84.16
Pulpwood Chips	2,428,333	170,022	261,496	19,601	150,266	11,064	2,173,200	-2.80
Total All Exports	13,171,872	4,685,557	1,185,766	486,949	1,174,684	478,599	14,022,475	7.34
Wood Pulp, Total	4,458,312	1,662,466	389,890	173,553	376,564	172,586	4,598,347	3.78
Cotton Pulp and Other Pulp	157,452	72,500	10,752	6,259	16,573	7,926	154,082	-19.14
Waste and Old Paper	3,748,711	411,076	348,776	46,052	370,424	46,373	4,167,972	13.09
Paper, Board & Products, Total	4,807,397	2,539,515	436,348	261,085	411,123	251,714	5,102,073	7.27
Paper, Paperboard, Wet Machine Bd. & Construction Paper & Board	4,280,900	1,853,726	384,395	193,239	356,046	182,963	4,442,867	4.58
Paper, Ppbd & Prod ex Cnst&WMB	4,713,355	2,487,618	427,173	256,072	402,492	246,054	4,996,345	7.19
Paper & Paperboard, Only	4,186,858	1,801,328	375,219	188,226	347,415	177,303	4,337,139	4.44
Paper, Total	883,689	642,597	89,709	69,787	68,546	61,266	897,614	5.52
Newsprint	392,228	194,549	39,527	24,252	24,797	15,742	359,322	14.88
Printing & Writing	190,656	185,271	19,341	17,686	18,129	19,744	217,030	9.55
Uncoated Groundwood	40,847	28,947	2,380	2,157	2,765	2,075	41,361	-14.67
Clay Coated Paper	78,248	57,856	10,598	6,578	7,585	5,856	93,383	13.38
Uncoated Free Sheet	50,140	71,354	4,569	6,710	5,342	8,983	56,899	14.45
Other Printing & Writing	21,420	27,114	1,795	2,241	2,437	2,830	25,386	44.61
Total Pkg. & Other Paper	284,048	241,426	26,043	24,845	22,928	23,353	292,633	-9.79
Unbleached Kraft	78,248	32,009	7,628	3,369	6,523	3,050	84,821	4.33
Other Pkg. & Indust. Paper	205,800	209,417	18,415	21,476	16,405	20,303	207,812	-14.52
Tissue	16,758	21,351	4,798	3,005	2,692	2,427	28,629	86.59
Paperboard, Total	3,303,169	1,159,231	285,510	118,439	278,869	116,037	3,439,525	4.16
Solid Wood Pulp	2,982,973	1,074,964	267,752	109,996	254,267	105,398	3,195,132	8.16
Total Linerboard	2,177,420	635,749	179,531	62,239	174,592	61,123	2,229,000	3.53
Bleached Kraft Linerboard	133,787	51,448	2,290	970	10,446	4,591	55,494	-63.74
Unbleached Kraft Linerbd	2,043,633	584,301	177,241	61,270	164,146	56,532	2,173,506	8.67
Other Unbleached Kraft	157,614	57,548	22,662	8,606	12,920	5,020	217,878	42.61
Other Bleached Kraft	571,298	359,954	58,635	36,603	56,847	35,956	664,861	15.24
Semi-Chemical Corrugating	76,641	21,713	6,924	2,548	9,909	3,299	83,394	17.12
Recycled Paperboard	320,196	84,268	17,758	8,442	24,602	10,640	244,393	-29.83
Convtd Paper&Paperbd Products	526,497	685,789	51,953	67,846	55,077	68,751	659,206	29.69
Paper Products, Total	240,171	456,429	25,307	47,008	25,148	44,755	286,926	24.32
Paperboard Products, Total	286,327	229,360	26,646	20,838	29,929	23,996	372,281	34.16
Wet Machine Board	18,893	7,259	2,216	928	1,735	832	21,782	12.90
Construction Paper & Board E	75,149	44,639	6,960	4,086	6,897	4,828	83,946	10.49
Notes								
Other: No Weight Avail. ($000)		7,298		853		734	8,024	0.24
Total Exports Incl. Other($000)		4,692,855		487,802		479,333	5,644,377	26.76

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.

(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1985	1986	MARCH 1987	APRIL 1987	MAY 1987	JUNE 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	307.3	309.2	309.0	309.6	307.6	6.1
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.5	295.9	308.9	310.7	310.6	311.1	309.3	5.7
Total Wood Pulp	346.6	358.7	407.4	411.9	418.2	426.5	410.0	19.8
Total Paper	303.4	306.3	312.9	315.3	314.5	314.2	315.0	4.0
Total Paper, exc. Newsprint	298.8	300.4	302.3	301.7	300.6	300.3	304.0	2.3
Newsprint	332.9	326.1	342.2	342.7	343.1	343.1	342.4	5.7
Total Paperboard	274.6	271.9	292.6	295.8	296.2	295.1	293.4	9.8
Total Paper and Paperboard *	294.4	295.4	306.5	309.2	308.8	308.2	306.0	5.8
Converted Products	288.1	289.3	300.7	301.5	301.2	301.8	300.0	4.5
Waste Paper	148.8	172.8	213.3	218.8	217.5	221.8	211.3	45.8
All Commodities	308.9	299.8	302.8	305.1	307.3	308.5	300.9	0.9
Industrial Commodities	324.0	312.1	315.8	317.4	318.6	320.2	316.8	0.4

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

TABLE A

MAGAZINE DEMAND TRENDS

	(1) Advertising Pages Per Issue (61 magazines)	(2) Single	(3) Subscriptions	(4) Total
		Annual Combined Circulation Per Issue (millions)		
1980	71,310	90.9	189.8	280.7
1981	71,480	86.8	202.8	289.6
1982	69,188	85.4	211.8	297.2
1983	71,362	83.8	221.3	305.1
1984	74,082	81.8	231.8	313.6
1985	71,746	81.1	242.8	323.9
1986	70,750	77.7	250.9	328.5

Sources: Column (1) = API Printing-Writing Division
Columns (2-4) = Magazine Publishers Association

TABLE B

Paper and Allied Products Companies

Sales and Earnings

	Sales			Net Profit After Taxes			Earnings/Sales	
	1987	1986	Change 87/86	1987	1986	Change 87/86	1987	1986
	(Million Dollars)		%	(Million Dollars)		%	%	%
27 Paper and Allied Products Companies								
First Quarter	12,126	10,896	11.3	639.5	320.3	99.7	5.3	2.9
Second Quarter	13,197	10,855	21.6	819.6	514.4	59.3	6.2	4.7
First Half	25,323	21,751	16.4	1,459	835	74.8	5.8	3.8
4 Forest Products Companies								
First Quarter	3,996	3,307	20.8	204.9	80.8	153.6	5.1	2.4
Second Quarter	4,459	3,897	14.4	279.2	182.5	53.0	6.3	4.7
First Half	8,455	7,204	17.4	434	263	83.9	5.7	3.7

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

JULY 31, 1987

PRODUCTION (000 TONS)

*	* JUNE	* MAY	* JUNE	FIRST SIX MONTHS		% CHANGE YR TO DATE
	1987	1987	1986	1987	1986	1987/1986
PAPER GRADES						
Newsprint	490	500	463	2,858	2,791	2.4
Printing & Writing	1,702	1,684	1,620	10,096	9,636	4.8
Uncoated Groundwood (s)	121	123	124	764	752	1.5
Coated Paper (s)	569	554	503	3,315	3,021	9.7
Uncoated Free Sheet Paper (s)	903	891	868	5,329	5,153	3.4
Thin Paper (s)	18	19	22	117	129	-8.9
Cotton Fiber Paper (s)	15	13	13	83	78	6.1
Bleached Bristols (s)	76	86	91	488	503	-2.9
Tissue Paper	438	441	420	2,606	2,554	2.1
Total Pkg & Other Paper	409	396	419	2,555	2,570	-0.6
Unbleached Kraft Packaging & Indl. Converting (s)	249	233	273	1,560	1,680	-7.1
Other Paper	160	162	146	995	890	11.7
TOTAL PAPER	3,038	3,021	2,922	18,116	17,551	3.2
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1,588	1,626	1,509	9,236	8,746	5.6
Unbleached Kraft Linerboard	1,469	1,515	1,386	8,565	8,082	6.0
Other Unbl. Kraft Paperboard	119	112	122	671	664	1.1
Semichemical Paperboard	466	463	452	2,802	2,652	5.6
Bleached Paperboard	347	375	346	2,203	2,137	3.1
Recycled Paperboard	709	647	666	4,274	4,060	5.3
TOTAL PAPERBOARD	3,110	3,111	2,973	18,515	17,594	5.2
TOTAL PAPER AND PAPERBOARD	6,149	6,132	5,896	36,631	35,146	4.2

WOOD PULP (ALL GRADES)	MAY 1987	APRIL 1987	MAY 1986	First 5 Months 1987	1986	% Change 87/86
Dissolving & Special Alpha	99	108	110	527	518	1.9
Bleached Sulfite	101	107	116	530	580	-8.6
Unbleached Sulfite	13	13	15	67	71	-6.7
Bleached & Semi-Bl. Sulfate	2139	2146	1965	10552	9935	6.2
Unbleached Sulfate	1703	1701	1753	8709	8529	2.1
Semichemical	346	350	340	1744	1689	3.2
Groundwood & Thermomechanical	475	457	467	2346	2284	2.7
TOTAL PULP DIVISION DATA	4875	4882	4766	24475	23606	3.7

(s) - Shipments
(s) - Shipments R - Revised
P - Preliminary

July 31,1987

	Full Year		INDUSTRY DATA 1986 - 1987	R	P	Ann. Rate Year - To - Date	% From Same Pd. Last Year
PAPER AND PAPERBOARD -- Tons (000)	1985	1986	April	May	June	1987	
Total Production (API).......: excluding :...	67,030	70,861	6,071	6,132	6,149	73,262	4.2
Total Seasonally Adjusted....:construction:...			6,068	5,940	6,096	72,474	4.2
Imports (including Products).: and wet :...E	11,106	11,597	1,038	1,024	1,015	12,358	10.5
Exports (including Products).: machine :...E	4,009	4,713	427	402	395	4,954	6.8
Apparent Consumption.........: grades :...	74,127 a	77,745 b	6,678	6,561	6,716	79,879 c	5.0
Paper Production % Tonnage Capacity...........	90.5 g	93.0 g	91.5	89.1	92.4	92.3 gh	-
Paperboard Production % Tonnage Capacity......	90.0 g	94.4 g	96.5	95.4	97.9	97.3 g	-
			March	April	May		
IMPORTS.....:Including Construction and :...	11,521	11,936	1,091	1,065	1,050	12,714	9.6
EXPORTS.....: WMB Grades (excl. HPB) :...	4,077	4,807	435	436	411	5,102	7.3
			March	April	May		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6,800	7,567	686	670	636	7,812	6.3
TOTAL WOOD PULP PRODUCTION - Tons (000).........	54,147	57,268	5,026	4,882	4,875	58,740	3.7
WOOD PULP IMPORTS - TONS (000)..................	4,466	4,582	447	377	388	4,910	9.1
WOOD PULP EXPORTS - TONS (000)..................	3,791	4,458	472	390	377	4,599	3.8
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			March	April	May		
Wood Pulp.............:consumption for:.....	55,047	56,555	4,998	4,791	4,830	58,197	3.8
Waste Paper...........:construction & :.....	15,623	16,670	1,486	1,437	1,500	17,361	3.7
TOTAL..........: WMB grades :.....	70,670	73,225	6,484	6,228	6,330	75,558	3.8
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	7,869	7,855	7,582	93,350	2.7
EMPLOYMENT (000)			April	May	June		
Paper and Allied Products..........Total......	677.7	674.3	673.5	675.1	681.2	675.4	0.6
Pulp, Paper and Board Mills........Total.....E	252.3	248.5	245.1	245.1	247.0	246.3	-0.9
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)			April	May	June		
Paper and Allied Products......................	10.82	11.14	11.37	11.39	11.41	11.30	2.2
Pulp, Paper Mills..........................E	13.11	13.58	13.88	13.99	14.00	13.85	3.2
Paperboard Mills...........................E	13.60	14.01	14.28	14.22	14.23	14.11	1.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q4	1987 Q1	1987 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.76	8.69	8.03	8.48	8.48 y	-3.2
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			April	May	June		
:IN PULP, PAPER :...Production Workers..........	123.6	131.7	137.7	134.1	137.6	136.7	6.1
:AND BOARD MILLS:...All Employees...............	122.1	130.9	132.6	132.5	136.2	134.2	4.6
PAPER AND ALLIED PRODUCTS (Million $)			April	May	June		
Industry Shipments (Dept. of Commerce)*........	97,664	109,582	9,451	9,547	9,636	113,642	7.9
Pulp, Paper and Paperboard*..................	41,830	46,632	4,023	4,056	4,100	48,698	9.9
Inventories (End of Period) - Total Industry*..	9,728	10,250	10,817	10,909	10,953	10,953	12.0
Pulp, Paper and Paperboard*..................	3,800	4,078	4,187	4,201	4,172	4,172	6.7
			1986 Q3	1986 Q4	1987 Q1		
Sales (Corporations Only)......................	71,465	74,844	18,904	19,948	19,941	79,764	13.8
Earnings (Corporations Only)...................	2,880	3,280	819	957	996	3,984	70.8
Depreciation (Corporations Only)...............	3,099	3,389	843	883	951	3,804	16.1
Net Worth (Corporations Only)..................	29,694	31,221	31,018	31,221	32,231	32,231	7.5
PRICE INDEXES (Bureau of Labor Stats)1967=100			April	May	June		
Pulp, Paper & Products, ex. Building Grades....	292.0	293.8	309.2	309.0	309.6	307.6	6.1
Wood Pulp......................................	346.6	358.8	411.9	418.2	426.5	410.0	19.8
Waste Paper....................................	148.8	172.8	218.8	217.5	221.8	211.3	45.8
Paper..	303.4	306.3	315.3	314.5	314.2	315.0	4.0
Paperboard.....................................	274.6	271.6	295.8	296.2	295.1	294.1	10.1
PAPER DEMAND (INDEXED: 1977=100)			April	May	June		
Total Paper Production *......................	122.8	128.1	130.6	128.8	132.3	129.9	3.2
Paper New Supply *............................	128.7	133.7	137.3	136.1	138.6	137.0	4.6
Demand Indicators - (Weighted Average) *.....	142.0	149.3	154.2	156.1	156.3	154.2	4.6
Production of Nondurable Goods *...(21.2%).	125.3	130.9	135.7	136.1	136.2	135.2	4.5
Disposable Income ....*.(23.9%)	128.4	133.6	131.6	135.6	134.9	134.6	1.1
Total Printing and Publishing *...(54.9%).	154.3	163.3	171.2	172.8	173.4	170.1	6.0
Trend Factor	----------	----------	------- Not Available		--------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	114.3	122.6	123.7	126.5	122.9	126.1	5.3
Production for Domestic Use	112.8	119.5	120.8	123.6	119.4	123.3	5.7
Demand Indicators - (Weighted Average) *.....	120.1	122.1	124.5	124.2	124.8	124.5	2.3
Production of Consumer Goods *...(62.06%)	120.5	124.5	127.5	126.6	127.3	127.1	2.8
Production of Equipment *...(5.75%)	146.4	142.8	145.0	144.8	145.6	144.8	1.2
Production of Materials *...(32.19%)	114.5	113.9	115.2	115.9	116.4	115.8	1.7
Trend Factor	----------	----------	------- Not Available		--------	----------	----------
NEWSPRINT MARKETS			March	April	May		
Consumption by Publishers - Tons (000).........	12,773	13,158	1,143	1,136	1,183	13,109	2.4
Newspaper Pub. and Printing Empl. Total(000)...	454	461	457	458	459	458	-0.4
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)...........	155,545	153,300	13,384	13,791	13,637	148,418	-2.1
WHOLESALERS SALES AND INVENTORIES (Million $)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	36,798	40,521	3,800	3,772	3,558	43,438	10.3
Inventories (End of Period).	3,267	3,552	3,574	3,568	3,608	3,608	9.0
FIBRE BOX DATA (Fibre Box Association)			April	May	June		
Fibre Box Shipments (Million square feet).......	267,451	283,921	25,601	23,630	25,620	294,412	4.5
Container'bd Inventory at Mill & Plant(000Tons).	2,549	2,238	2,375	2,383	2,442	2,442	5.2
RETAIL TRADE (Million $)			April	May	June		
Total Retail Sales *..........................	1,372,853	1,445,568	124,960	124,546	125,077	1,484,070	5.0
Nondurable Goods Stores Sales *...............	859,316	882,505	76,825	76,863	76,969	918,072	4.5
GENERAL ECONOMIC DATA			April	May	June		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	124.2	125.1	127.3	128	128.2	127.4	2.2
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	308.7	299.8	305.1	307.3	308.5	304.5	0.9
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	322.2	328.4	337.7	338.7	340.1	336.7	3.0
			March	April	May		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	531	586	574.1	577.9	580.1	580.1	6.7
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q4	1987 Q1	1987 Q2		
G.N.P. or Expenditure - Current $.............	4,010	4,235	4,288	4,378	4,449	4,413	5.3
G.N.P. or Expenditure - 1982 $................	3,607	3,713	3,732	3,772	3,796	3,784	2.2

lb/capita

Pap&Papbd	Othr		Totl	Popul(mil)
.a - 620	+ 18	=	638	239.3
.b - 644	+ 17	=	661	241.6
.c - 656	+ 17	=	673	243.2

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns

h - Adjusted to Conform with API Division data
j - Census unpublished data; standard dev. = 5 - 8%
Q - Quarter

R - Revised
y - Full year estim. by
U.S. Dept. of Com.

* - Seasonally Adjusted.

FIBROUS MATERIALS

Production of chemical paper grade market wood pulp was at a record-high 6.6 million tons per year in the first half of 1987, 7.7% ahead of its year-ago level. Shipments, however, were up only 2.1%; last year a relatively large amount of shipments came from inventories, while so far this year nearly all the shipments came from current production. Inventories of these pulps at producers were equivalent to 15 days of supply as of the end of June 1987 compared to 21 days as of the end of June 1986 and 27 days as of the end of January 1986.

The gain in shipments was more or less equally divided between shipments to the domestic market and shipments for export. The largest gains were recorded in shipments to Latin America; shipments to Western Europe showed a smaller gain, while shipments to Japan declined slightly.

Total wood pulp production was at a record-high rate 58.7 million tons per year in the first five months of 1987, 3.7% above its year-ago rate. The chemical paper grade pulps increased 3.9%, with the other grades showing somewhat smaller gains.

The table on page 5 presents revised data on consumption of wood pulp at paper and paperboard mills. The new data show that wood pulp consumption accounted for 77.0% of the total wood pulp plus waste paper consumption in the first five months of 1987. The revised wood pulp consumption data are benchmarked to the 1985 data presented in the recently-issued Bureau of Census' annual report, Current Industrial Reports, Pulp, Paper and Paperboard (MA 26A-1).

SALES AND EARNINGS OF PAPER AND ALLIED PRODUCTS COMPANIES

Data on sales and earnings of 27 paper and allied products companies reported in the press for the first two quarters of 1987 show patterns of strong gains. For example, total sales for these companies in the second quarter of 1987 were 16% above their year-ago level and 8.8% above their first quarter 1987 total. After-tax earnings were 59% above their year-ago level in the second quarter. The first half 1987 total showed sales up 16% and earnings up 75%.

Sales and earnings of these companies had increased sharply from the first to fourth quarters of 1986 and then, as indicated above, showed further strength in the first two quarters of 1987. The year-to-year percentage changes must be considered in relation to that 1986 growth pattern.

In addition, there were several large mergers during 1986, and the present companies did not restate their 1986 sales and earnings data to take these mergers into account. The percentage calculations noted above are based on 1987 data as reported and 1986 data that includes the sales and earnings totals of the merged companies.

The data are summarized in Table B on page 10.

MARKET FACTORS THAT INFLUENCE MAGAZINE PAPER DEMAND

The magazine industry is a major consumer of coated papers, most notably coated grades #4 and #5. Paper shipments to magazine publishers from U.S. producers declined 5% in 1985, but then rebounded by nearly the same amount last year. Year-to-date shipments through June of 1987 exceeded their year-ago level by 1.2%.

Magazine paper consumption is influenced by two key variables: ad page counts and circulation. Advertising page counts are very sensitive to the ups and downs of the economy. The U.S. economy experienced vigorous growth during 1983 and 1984 as it rebounded from the 1981-82 recession: real GNP posted a 3.6% gain in 1983 and then advanced 6.4% in 1984. Bolstered by the strong economy, magazine ad page counts increased 3.1% in 1983 and 3.8% in 1984. However, real GNP growth subsequently moderated to 2.7% in 1985, and ad page counts contracted 3.2%. In 1986, a 2.5% increase in real GNP was associated with a 1.4% decline in ad pages. Real GNP is expected to expand by about 2.5% this year, but ad page counts were off 2% through May, according to the Publishers Information Bureau.

Magazines have been losing market share relative to the other print media and to electronics. Their share of total real advertising revenues slipped from 6.3% in 1978 to 5.3% in 1985 and 5.1% in 1986. The sluggish performance of the economy contributed to the more recent setbacks because magazine advertising revenues tend to be more cyclical than total advertising revenues.

In a break with past patterns, magazine ad rates actually outpaced network TV rates last year. With its many categories of specialized programming, Cable TV may also emerge as a competitive threat to magazines. Nearly 46% of TV households were hooked into Cable in 1986, up from 20% in 1980, and Cable TV ad revenues soared from $58 million in 1980 to $900 million in 1986. On the other hand, network TV audiences are becoming more fragmented as the audience for cable TV grows. This could enhance magazines' position as an advertising medium.

Magazine circulation edged up just 1.4% in 1986, following a 2.8% gain in 1984 and a 3.3% advance in 1985. (See Table A, page 10.) Trend growth for the 1980-86 period averaged 2.7% a year. Long-term gains in magazine paper consumption have mainly stemmed from new magazines and increased sales of existing publications; advertising pages have exhibited considerable year-to-year volatility, but have not achieved any long-term gains since the late 1970's.

9/10/87 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 65 - No. 8 AUGUST 1987

PAPER AND PAPERBOARD DEMAND CONTINUES STRONG

Paper and paperboard producers ran their mills at relatively high operating rates throughout July 1987, reflecting both the new clauses in their labor contracts permitting mills to run in July and December and the strong demand for the industry's products evident throughout the economy.

These new rules have resulted in major changes in the seasonal pattern of production. The API Economics Department has taken these changes into account by revising the factors used to calculate the seasonally adjusted data on the basis of the actual experience of the past twelve months.

These revisions resulted in a relatively smooth seasonally adjusted production trend throughout the past eighteen months, with the July 1987 rate only modestly above that of June. At the same time, the unadjusted July 1987 production total for paper was only fractionally below its June level while paperboard production exceeded its June level, a pattern that would have been impossible under the old work rules. The seasonally adjusted rate of total paper and paperboard production in the Januarly-July 1987 period was 73.1 million tons per year, 4.6% above its year-ago rate. Paper, at 36.2 million tons, gained 3.5%; paperboard, at 36.9 million tons, 5.6%

Paper: Paper has generally been following a flatter trend than paperboard, reflecting, in part, the smoother inventory patterns evident at paper mills, converters and users. One grade, coated papers, was affected by major swings in user inventories in the 1984-1986 period, but the trend in user inventories has been relatively smooth during 1987.

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The major strength in the paper grades continues to be in the printing-writing grades, with coated papers turning in a particularly strong performance: shipments in the first seven months of 1987 were 10.7% above their year-ago level. Major gains continue in shipments to commercial printers, label and wrap and other converters. At the same time, imports of coated papers are continuing strong. The recently-reported June 1987 rate was close to 600,000 tons per year, while the January-June 1987 total was 22% above its year-ago level, so that imports of coated papers accounted for 8% of the total new supply in this period.

The year-to-year gain in shipments of uncoated free sheet papers and newsprint were close to the 3.6% average shown for all papers. Newsprint production, at 5.8 million tons per year for the January-July 1987 period, was equivalent to about 97% of the capacity total reported for this grade for 1987. Newsprint imports, at 9.0 million tons per year, gained 7% over their year-earlier rate in the first half of 1987, attesting to the strong demand for newsprint in the United States.

Among the other grades of paper, kraft paper production continues to show declines, with the 7-month 1987 total 7.9% below its year-ago level. However, production of the other packaging and industrial converting grades showed a 10.9% increase.

Paperboard: The major strength in paperboard continues in the containerboard grades. Production of containerboard for domestic use rose 7% in the first seven months of 1987, with total unbleached kraft paperboard showing similar gain. Shipments of fibre boxes gained 4.2% in this period, but inventories at mills and plants remained at an estimated 5.8 weeks of supply compared to its year-ago 5.7 weeks of supply.

Production of the boxboard grades is showing more modest growth, with all the major packaging grades following this pattern. The output levels, however, are at record highs. Production of total recycled paperboard, at 8.5 million tons per year, gained 5% from its year-ago level and it, too, is at a record high.

FIBROUS RAW MATERIALS

Production of chemical paper grade market wood pulp maintained its record-setting pace with a seven-month 1987 rate of 6,725,000 tons per year, 8.8% above its comparable year-ago rate. Shipments, at 6,705,000 tons, held close to the production total, but showed only a 4.6% gain over its 1986 total, reflecting the different inventory trends. In the year-ago period inventories were sharply reduced while in the current year, as the 1987 totals show, inventories held flat. As of the end of July 1987, inventories were equivalent to 16 days of supply, compared to 18 days one year ago and 32 days as of the end of July 1985.

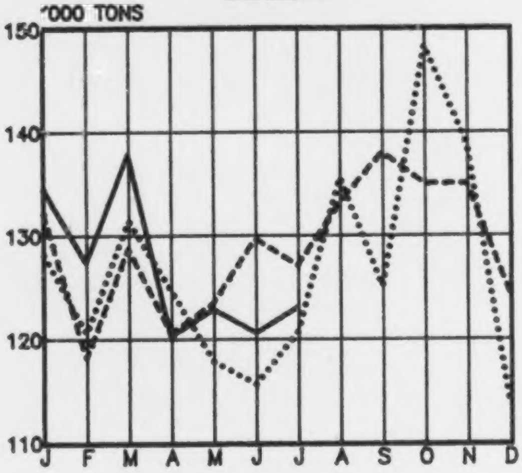
Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

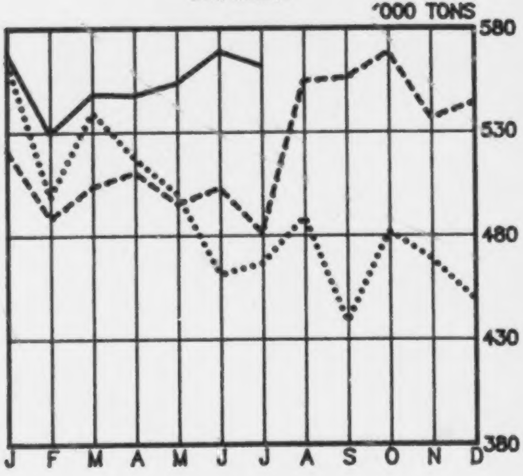
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1985	YEAR 1986	APRIL 1987	MAY 1987	JUNE 1987 (P)	JULY 1987 (P)	Annual Rate Y-T-D 1987	% Change From same Period Last Year
PAPER								
Newsprint - Production	5,428	5,630	462	500	490	502	5 760	2.8
- Shipments	5,431	5,638	472	499	497	498	5,772	4.2
Printing & Writing Sum (R)	18,423	19,601	1,693	1,684	1 702	1 702	20 225	5.2
Groundwood Paper - Shipments (R)	1,521	1,540	120	123	121	123	1,520	0.6
- New Orders (R)	1,477	1,553	109	121	127	131	1,527	-1.4
-Unfilled Orders (R)	106	124	116	113	123	129	129	-3.1
Coated Papers - Shipments (R)	5,875	6,263	548	554	569	563	6 649	10.7
- New Orders (R)	5,642	6,334	561	630	651	600	6 938	12.2
- Unfilled Orders (R)	393	469	443	521	604	646	646	26.2
Unctd Free Sheet - Shipments (R)	9,690	10,410	906	891	903	915	10,703	3.7
- New Orders (R)	9,704	10,485	892	903	911	921	10,661	1.7
- Unfilled Orders (R)	509	587	533	551	556	563	563	-9.9
Thin Papers - Shipments	262	247	20	19	18	16	229	-9.5
Cotton Fiber Paper - Shipments	144	152	14	13	15	10	159	4.0
Bleached Bristols - Production	930	990	85	86	76	75	966	-2.8
Tissue Paper - Production	4,941	5,095	429	441	436	432	5,196	2.7
Total Packaging & Other Paper	5,204	5,117	425	396	407	389	5 046	-1.4
Unbl. Kraft Paper - Shipments	3,403	3,303	265	233	247	241	3,086	-7.9
Other Paper - Production	1,801	1,814	160	162	160	148	1,959	10.9
TOTAL PAPER-Production-Unadj.	33,996	35,443	3,010	3,021	3,035	3,025	36,227	3.5
-Production-S.A.			3,018	3,020	3 022	3 024	36,204	3.5
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	25,404	27,336	2,320	2,464	2,386	2,475	28,630	5.8
Total Unbl. Kraft Paperboard	16,368	17,689	1,492	1,626	1,573	1,632	18,606	6.6
Unbl. Kraft Linerboard (1)	15,183	16,402	1,381	1,515	1,454	1,509	17,245	6 9
Production for Export	1,830	2,246	194	190	187	227	2,280	3.1
Other Unbl. Kraft Paperboard	1,184	1,287	111	112	119	123	1,361	2.3
Semichemical Paperboard	5,088	5,376	463	463	466	471	5,610	5.8
Production for Export	189	213	18	24	19	16	215	21.5
Solid Bleached Paperboard	3,948	4,271	366	375	347	372	4,414	2.4
Production for Export	466	569	54	50	37	44	577	1.0
Recycled Paperboard	7,630	8,083	741	647	706	665	8,462	5.0
Production for Export	26	70	3	3	5	12	51	-28.7
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35,419	3,061	3,111	3,092	3,140	37,092	5.6
- Containerboard Prod.(Dom. Use)	20,042	21,426	1,846	1,956	1,900	1,925	22,596	7 1
- Boxboard Prod.(Dom. Use) (2)	5,673	5,903	513	490	490	499	6,102	2.5
- All Other P'bd Prod.(D.U.) (2)	4,808	4,992	444	398	454	418	5 271	4.5
- Total Paperbd Prod. for Export	2,511	3,097	258	267	248	298	3,123	3.0
TOTAL PAPERBOARD PROD.- S.A.			3,072	3,080	3,089	3,097	36,868	5.6
TOTAL PAPER AND PAPERBOARD								
Production - actual	67,030	70,861	6,071	6 132	6 127	6 165	73,319	4.5
Production - S.A.			6,090	6,100	6,111	6,121	73,072	4.6

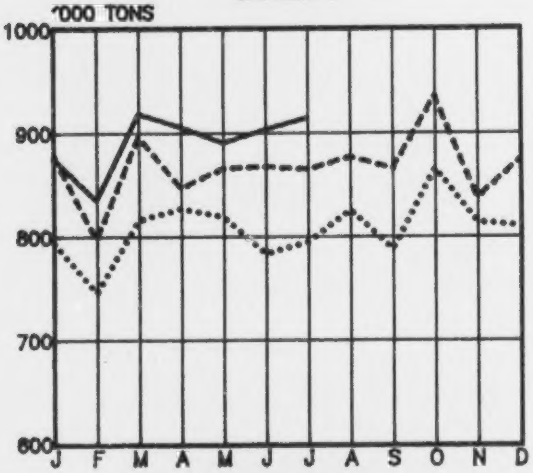
(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.


GROUNDWOOD PAPER, UNCOATED

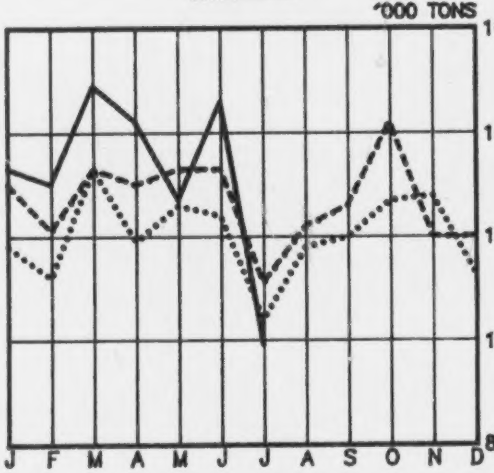
SHIPMENTS


COATED PAPER

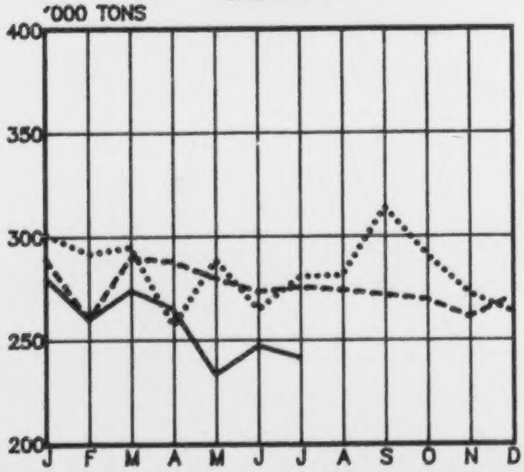
SHIPMENTS


UNCOATED FREE SHEET PAPERS

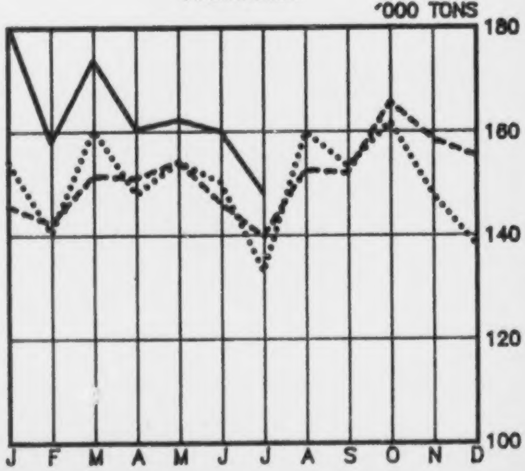
SHIPMENTS


COTTON FIBER PAPER

SHIPMENTS


UNBLEACHED KRAFT PACKAGING
AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS


OTHER PAPER

PRODUCTION

1985 .... 1986 ----- 1987 ———

WOOD PULP STATISTICS
(Thousands of Tons)

		YEAR 1985	YEAR 1986	MARCH 1987	APRIL 1987	MAY 1987	JUNE 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
TOTAL WOOD PULP						R	P		
Total Wood Pulp	- Production	54,147	57 268	5 026	4 882	4 916	4,977	58 985	3.7
	- Imports	4,466	4,582	447	377	388	390	4,871	8.4
	- Exports	3,791	4,458	471	390	377	455	4 742	6.9
	- New Supply	54,821	57,392	5,002	4,869	4,927	4,911	59,114	3.8
Dissolving Pulp	- Production	1,174	1,258	114	108	99	113	1,281	2.6
	- Imports	175	255	20	25	13	21	219	-10.6
	- Exports	631	711	83	59	52	62	748	10.4
	- New Supply	718	801	51	74	60	72	752	-7.8
Paper Grades Chemical Pulp	- Production	43,696	46,333	4,077	3,966	3,997	4 045	47 888	3.9
	- Imports	4,104	4,220	403	341	365	354	4,500	8.5
	- Exports	3,131	3,689	383	329	323	391	3 968	7.6
	- New Supply	44,668	46 864	4,097	3,978	4,039	4,008	48,420	4.0
Groundwood and Thermo-Mech.	- Production	5,251	5,545	474	457	475	470	5,633	3.0
	- Imports	187	108	24	12	10	14	152	51.0
	- Exports	29	59	5	3	2	1	25	-64.8
	- New Supply	5,409	5,594	493	466	482	483	5,759	4.8
Semi-Chemical	- Production	4,027	4,133	361	350	346	348	4 183	2.8
	- Imports								
	- Exports								
	- New Supply	4,027	4,133	361	350	346	348	4,183	2.8
MARKET WOOD PULP									
Total Market Wood Pulp	- Production	6,800	7,567	686	670	637	693	7,899	6.7
	- Imports	2,791	3,048	288	248	224	263	2,935	-3.4
	- Exports	3,784	4,470	444	381	388	443	4 624	3.0
	- New Supply	5,807	6,145	530	537	473	514	6,211	4.3
Dissolving Pulp	- Production	1,172	1,251	113	108	99	113	1,275	3.0
	- Imports	174	212	17	19	7	17	168	-21.4
	- Exports	667	718	73	61	64	74	756	6.2
	- New Supply	679	745	57	66	42	56	686	-7.2
Paper Grades Chemical Pulp	- Production	5,613	6,303	572	561	537	579	6,610	7.4
	- Imports	2,531	2,754	246	225	214	239	2,677	-2.3
	- Exports	3,117	3,752	371	320	325	369	3,867	2.4
	- New Supply	5,028	5,305	447	466	426	450	5,420	6.0
Groundwood Pulp and All Other	Production	15	13	1	1	1	1	14	4.5
	- Imports	86	83	24	5	4	6	91	4.4
	- Exports	1	0	0	0	0	0	0	0 0
	- New Supply	100	96	26	6	5	8	105	4.5

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

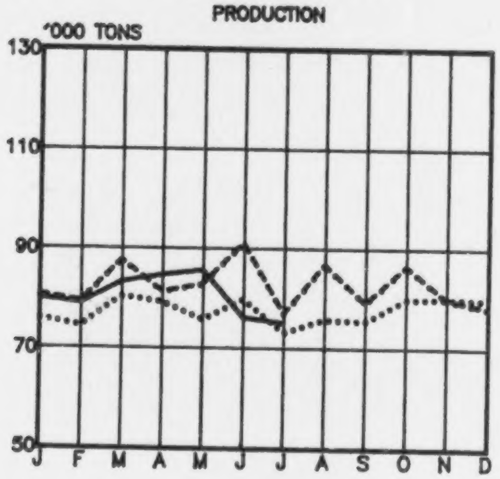
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	69,670	73,225	6,484	6 228	6 367	6 337	75 711	3.7
Total Wood Pulp	54,047	56,555	4,998	4,791	4,867	4,863	58,296	3.6
Waste Paper	15,623	16 670	1,485	1,437	1 500	1,474	17 415	4.2
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own Use Inventories	165	174	197	186	183	177	177	3.6
Producers' Market Inventories	485	284	292	300	286	275	275	-9.7
Consumers' Purchased Inventories	503	569	573	580	570	593	593	1.7
Waste Paper at Paper & Bd. Mills	969	933	755	775	752	773	773	-4.5
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	30	16	16	16	15	15	15	-16.7

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary: R - Revised; (0) - Indicates zero to five-hundred short tons

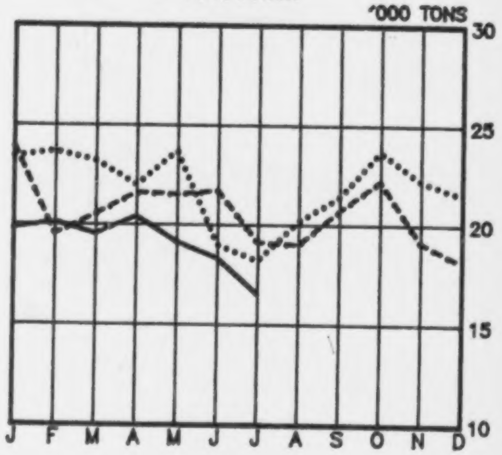
BLEACHED BRISTOLS

PRODUCTION



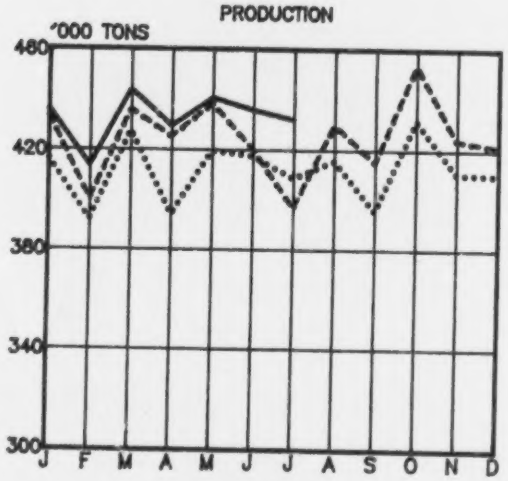
THIN PAPER

PRODUCTION



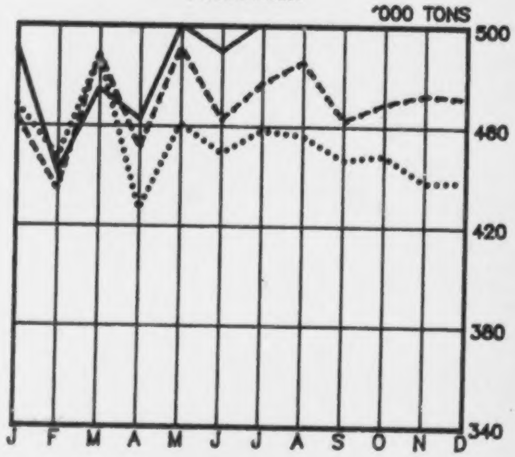
TISSUE PAPER

PRODUCTION



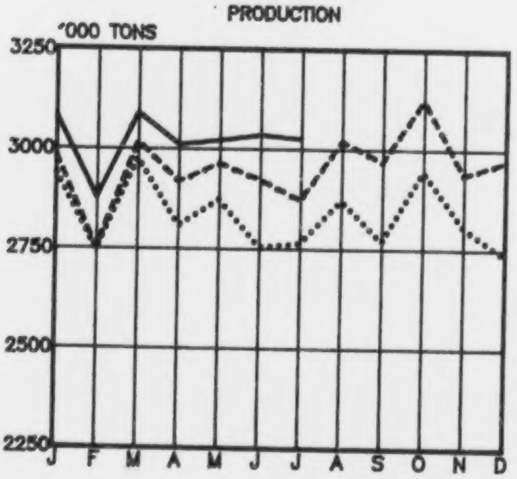
NEWSPRINT

PRODUCTION



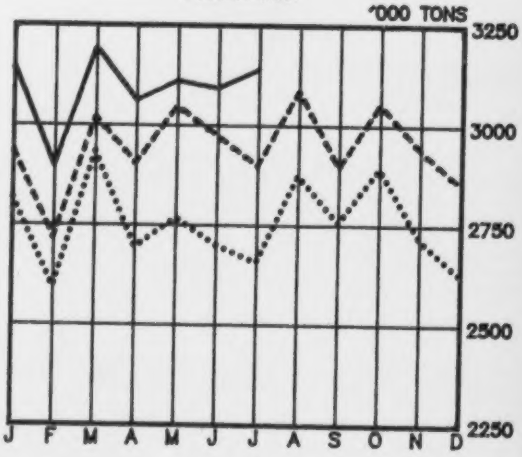
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - -1987 ————

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1985	1986	MARCH 1987	APRIL 1987	MAY 1987	JUNE 1987	Annual Rate Y-T D 1987	% Change From Same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	85,499	90,943	7,912	7,873	7,382	7,743	93,356	3.5
	- Total Consumpt	85,744	91,434	7,869	7,855	7,582	7,723	93,238	2.6
	Residues *	30,464	32,755	2,715	2,783	2,629	2,739	32,512	-2.8
	- Inventories	5,046	4,794	4,891	4,950	4,557	4,651	4,651	-4.1
So. Atlantic	- Total Receipts	27,589	29,513	2,563	2,523	2,570	2,555	30,336	2.1
	- Total Consumpt	27,815	29,425	2,539	2,515	2,580	2,530	30,418	3.1
	Residues *	7,970	9,343	718	721	748	768	8,944	-5.0
	- Inventories	1,117	994	875	922	963	992	992	-9.5
Northeast	- Total Receipts	7,430	7,277	618	502	511	586	7,134	-0.6
	- Total Consumpt	7,394	7,227	612	515	561	580	7,294	-2.2
	- Residues *	1,539	1,419	129	117	118	147	1,596	10.1
	- Inventories	544	484	535	430	402	440	440	27.5
South Central	- Total Receipts	29,786	31,790	2,874	3,007	2,565	2,734	33,322	6.9
	- Total Consumpt	29,914	32,113	2,804	2,812	2,561	2,752	32,704	3.4
	- Residues *	9,207	9,792	809	912	803	872	10,296	6.9
	- Inventories	1,198	926	924	1,101	1,062	1,033	1,033	4.1
North Central	- Total Receipts	6,430	6,571	469	409	431	545	6,350	0.2
	- Total Consumpt	6,296	6,730	575	551	547	575	6,746	0.7
	Residues *	1,290	1,042	91	85	81	86	1,014	-5.1
	- Inventories	884	892	1,046	949	809	811	811	6.4
West	- Total Receipts	14,264	15,792	1,388	1,432	1,305	1,323	16,214	2.4
	- Total Consumpt	14,325	15,939	1,339	1,362	1,333	1,286	16,076	3.4
	- Residues *	10,458	11,159	908	948	879	866	10,662	-10.2
	- Inventories	1,303	1,498	1,511	1,548	1,321	1,375	1,375	-17.0

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 24-Aug-87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1986 Tons	($000's)	MAY 1987 Tons	MAY 1987 ($000's)	JUNE 1987 Tons	JUNE 1987 ($000's)	Annual Rate Y-T-D 1987 Tons	% Change From same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	59,490	4,224	92	14	28	3	1,238	-96.9
Pulpwood chips	723,257	19,488	43,184	1,205	33,740	806	355,684	-61.0
Wood Pulp, Total	3,949,414	1,422,180	353,286	148,203	350,254	151,829	4,384,516	14.4
Waste Fibrous Materials, Total	157,870	27,196	19,662	3,951	15,400	2,986	192,347	16.5
Paper, Board & Products, Total	9,963,486	4,467,761	900,452	417,895	900,550	405,012	10,678,137	10.4
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9,842,154	4,268,820	888,279	398,565	888,918	385,208	10,526,903	10.1
Paper, Paperboard & Products	9,715,710	4,393,592	882,716	412,263	882,286	399,647	10,444,984	10.8
Paper & Paperboard, Only	9,594,378	4,194,651	870,542	392,932	870,653	379,843	10,293,750	10.6
Paper, Total	9,367,380	4,130,464	848,864	386,165	847,953	373,067	10,042,775	10.4
Newsprint	8,269,333	3,556,983	736,501	327,544	740,785	316,518	8,716,112	7.3
Printing, Writing & Rel. Pap.	868,628	457,605	90,080	46,893	86,362	45,132	1,058,442	37.2
Pack. & Ind. Conv. Paper	182,481	81,492	17,825	8,416	16,366	7,970	222,693	34.4
Special Industrial Paper	4,766	7,893	426	780	471	919	6,241	49.2
Tissue Paper	42,173	26,411	4,033	2,532	3,969	2,529	39,288	24.8
Paperboard, Total	226,998	64,187	21,678	6,768	22,700	6,776	250,974	20.1
Convtd Paper&Paperbd Products	121,332	198,941	12,173	19,331	11,633	19,804	151,234	30.1
Wet Machine Board	2,332	1,570	205	144	329	213	3,106	34.7
Construction Paper & Board	245,444	72,599	17,532	5,488	17,935	5,152	230,047	-6.8

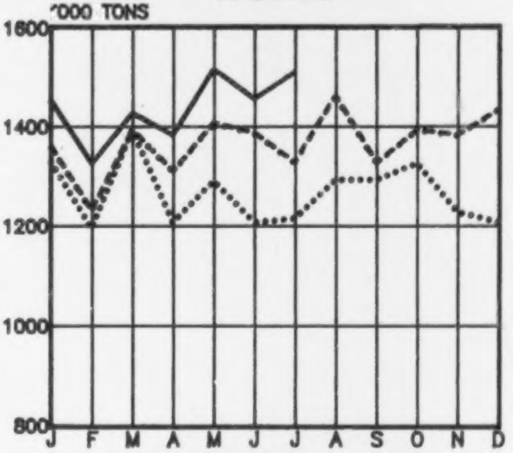
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	39,191	2,201	0	0	0	0	3,492	-91.6
Pulpwood chips	262,844	13,577	5,765	373	5,131	291	82,248	31.0
Wood Pulp, Total	262,353	76,591	17,619	5,911	17,310	6,721	200,638	-26.1
Cotton Pulp & Other Pulp	33,629	10,458	5,172	1,421	3,441	921	41,014	59.2
Waste Paper	226,215	23,254	19,736	2,044	26,535	2,864	263,226	45.9
Paper, Board & Products, Total	846,141	464,795	68,515	47,898	81,515	54,280	888,502	-2.0
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	691,355	315,820	50,427	30,324	60,102	35,377	674,701	-11.0
Paper, Paperboard & Products	816,282	452,239	65,508	46,455	77,750	52,629	852,191	-3.0
Paper & Paperboard, Only	661,496	303,265	47,420	28,881	56,337	33,725	638,389	-12.5
Paper, Total	278,911	200,168	21,810	19,070	27,416	22,732	301,480	0.4
Newsprint	6,040	4,457	370	324	531	446	5,153	36.1
Printing, Writing & Rel. Pap.	121,167	99,480	10,362	8,625	14,355	10,828	146,149	17.4
Pack. & Ind. Conv. Paper	25,614	16,467	1,828	1,315	1,712	1,398	24,772	-11.7
Special Industrial Paper	122,874	75,189	9,007	8,444	10,531	9,555	121,862	-13.7
Tissue Paper	3,217	4,577	243	362	287	505	3,543	29.1
Paperboard, Total	382,584	103,096	25,610	9,812	28,921	10,993	336,910	-21.5
Convtd Paper&Paperbd Products	154,786	148,975	18,088	17,574	21,413	18,904	213,801	43.4
Wet Machine Board	10,728	4,638	972	466	1,133	498	12,078	11.1
Construction Paper & Board	19,132	7,918	2,034	977	2,632	1,154	24,234	39.2

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 24-Aug-87

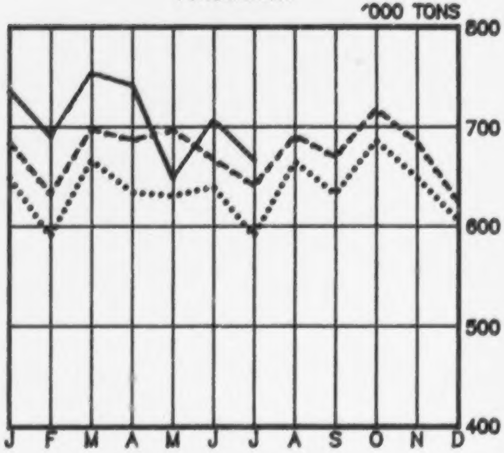
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



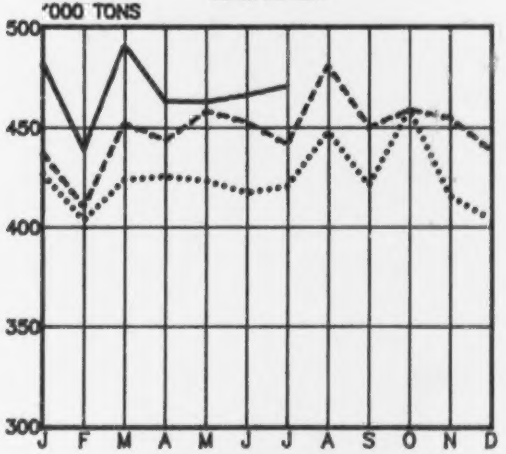
RECYCLED PAPERBOARD

PRODUCTION



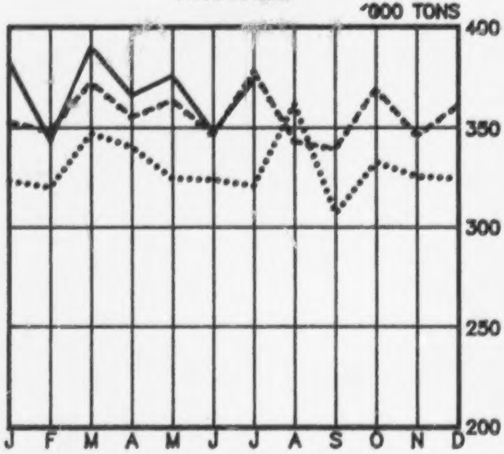
SEMICHEMICAL PAPERBOARD

PRODUCTION



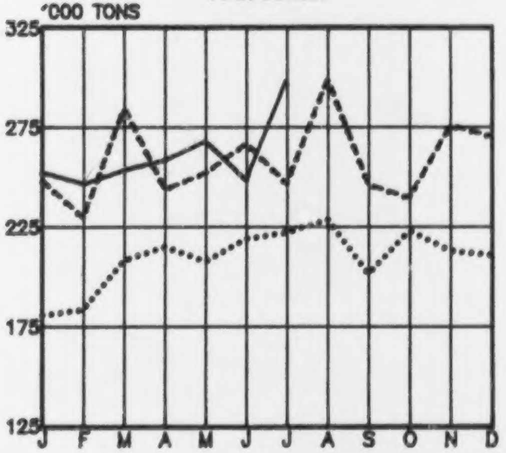
SOLID BLEACHED PAPERBOARD

PRODUCTION



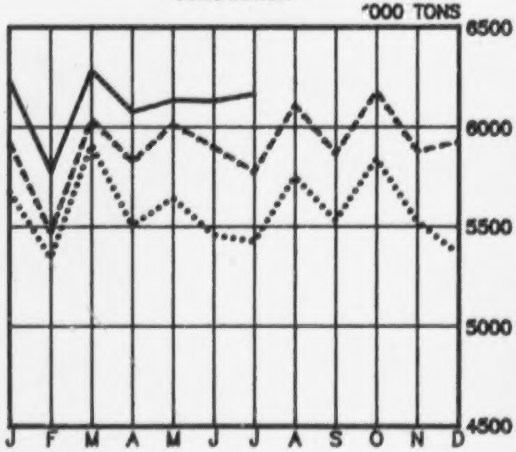
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - -1987 ————

PULP PAPER AND PAPERBOARD IMPORTS AND EXPORTS DATA

IMPORTS

	YEAR 1986 Tons	1986 $000	1987 MAY Tons	1987 MAY $000	1987 JUNE Tons	1987 JUNE $000	(1) Annual Rate YTD 1987 Tons	% Change from same Period Last Year
Pulpwood Roundwood (cords)	60,850	4,565	116	20	28	3	1,338	-96.86
Pulpwood Chips	724,828	19,942	43,216	1,215	33,832	816	483,402	-47.12
Total All Imports	16,722,494	7,674,736	1,459,359	718,474	1,476,213	724,417	17,816,946	9.67
Wood Pulp Total	4,581,760	1,601,378	387,634	163,822	389,512	169,303	4,871,138	8.44
Waste Paper	99,313	11,192	11,504	1,672	9,355	1,318	116,690	18.96
Other Fibrous Materials	104,969	26,326	10,465	3,382	7,669	2,725	94,667	-31.68
Paper Board & Products Total	11,936,452	6,035,850	1,049,756	549,598	1,069,677	551,071	12,734,451	10.56
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,546,545	5,247,129	1,014,604	469,498	1,034,941	468,118	12,307,780	10.24
Paper Ppbd & Prds ex Cnst&WMB	11,596,808	5,928,457	1,023,665	541,022	1,043,396	542,469	12,415,111	11.01
Paper & Paperboard Only	11,206,901	5,139,735	988,512	460,921	1,008,660	459,516	11,988,440	10.70
Paper Total	10,925,453	5,051,917	956,187	449,340	977,901	448,565	11,602,574	9.69
Newsprint	8,587,507	3,682,351	760,641	337,529	776,130	330,774	9,048,026	7.04
Printing & Writing	2,029,302	1,179,802	167,013	94,254	171,350	97,747	2,183,964	18.62
Uncoated Groundwood	1,028,231	531,149	95,545	47,448	93,197	46,733	1,176,203	30.36
Coated Print.& Impreg. Pap.	501,382	359,495	37,253	25,517	49,492	33,100	567,605	22.16
Uncoated Free Sheet	453,638	254,627	30,137	18,241	24,798	14,523	386,077	-9.92
Uncoated Book	223,798	126,278	17,762	10,293	13,683	7,428	203,412	-7.15
Writing and Similar Paper	229,841	128,349	12,376	7,948	11,114	7,095	182,665	-12.81
Thin (except Cigarette)	45,351	33,831	3,998	2,961	3,788	3,311	53,154	17.94
Bristols	700	700	80	88	75	80	925	70.46
Total Pkg & Other Paper	242,571	146,212	22,872	13,648	23,817	15,324	310,308	37.64
Unbleached Kraft Paper	115,008	42,650	13,922	5,702	13,949	5,819	168,930	71.27
Other Pkg. & Indust. Paper	127,562	103,562	8,950	7,946	9,868	9,505	141,378	11.48
Tissue	66,073	43,552	5,661	3,909	6,605	4,719	60,276	3.52
Paperboard, Total	281,448	87,818	32,326	11,582	30,759	10,952	385,867	52.90
Test or Containerboard	78,063	25,596	7,079	2,435	5,589	1,976	82,351	17.94
Semi-Chemical Corrugating	99,062	22,092	9,224	2,294	12,476	3,093	124,494	38.20
Other Paperboard	104,324	40,130	16,023	6,853	12,693	5,884	179,022	93.04
Convtd Paper&Paperbd Products	389,907	788,721	35,152	80,101	34,736	82,952	426,671	20.65
Paper Products, Total	361,517	730,257	32,099	74,870	31,928	77,189	391,020	20.06
Paperboard Products, Total	28,390	58,464	3,053	5,231	2,808	5,763	35,651	27.52
Wet machine Board	3,235	2,525	255	194	387	270	3,626	3.36
Construction Paper & Board	336,409	104,868	25,836	8,382	25,894	8,332	315,714	-4.54
Notes								
Other: No Weight Avail. ($000)		212,338		19,176		20,573	219,318	12.41
Total Imports Incl. Other($000)		7,887,074		737,650		744,989	8,959,896	19.92

EXPORTS

Pulpwood, Roundwood (cords)	42,190	2,373	0	0	0	0	5,836	-87.72
Pulpwood Chips	2,428,333	170,022	150,266	11,064	162,390	12,006	2,135,780	2.36
Total All Exports	13,171,872	4,685,557	1,174,684	478,599	1,307,947	537,728	14,301,289	9.69
Wood Pulp,Total	4,458,312	1,662,466	376,564	172,586	454,720	206,328	4,741,396	6.87
Cotton Pulp and Other Pulp	157,452	72,500	16,573	7,926	12,623	7,500	153,648	-13.02
Waste and Old Paper	3,748,711	411,076	370,424	46,373	347,890	44,587	4,169,090	12.95
Paper, Board & Products,Total	4,807,397	2,539,515	411,123	251,714	492,714	279,314	5,237,155	10.65
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	4,280,900	1,853,726	356,046	182,963	430,159	208,221	4,562,707	8.01
Paper, Ppbd & Prod ex Cnst&WMB	4,713,355	2,487,618	402,492	246,054	484,588	274,963	5,132,797	10.66
Paper & Paperboard, Only	4,186,858	1,801,828	347,415	177,303	422,033	203,869	4,458,349	7.96
Paper, Total	883,689	642,597	68,546	61,266	79,705	65,725	907,422	7.85
Newsprint	392,228	194,549	24,797	15,742	27,907	17,047	355,250	12.96
Printing & Writing	190,656	185,271	18,129	19,744	23,615	21,835	228,088	13.96
Uncoated Groundwood	40,847	28,947	2,765	2,075	4,416	2,997	43,300	-9.23
Clay Coated Paper	78,248	57,856	7,585	5,856	9,343	6,679	96,505	16.76
Uncoated Free Sheet	50,140	71,354	5,342	8,983	6,495	8,618	60,406	18.45
Other Printing & Writing	21,420	27,114	2,437	2,830	3,360	3,542	27,876	48.36
Total Pkg. & Other Paper	284,048	241,426	22,928	23,353	25,136	24,071	294,132	-5.38
Unbleached Kraft	78,248	32,009	6,523	3,050	6,321	2,845	83,326	3.53
Other Pkg. & Indust. Paper	205,800	209,417	16,405	20,303	18,815	21,226	210,806	-8.49
Tissue	16,758	21,351	2,692	2,427	3,047	2,772	29,952	88.47
Paperboard, Total	3,303,169	1,159,231	278,869	116,037	342,328	138,144	3,550,927	7.99
Solid Wood Pulp	2,982,073	1,074,964	254,267	105,398	304,410	123,411	3,271,430	11.40
Total Linerboard	2,177,420	635,749	174,592	61,123	225,840	79,174	2,309,180	7.88
Bleached Kraft Linerboard	133,787	51,448	10,446	4,591	5,000	2,350	56,245	-63.57
Unbleached Kraft Linerbd	2,043,633	584,301	164,146	56,532	220,840	76,824	2,252,935	13.43
Other Unbleached Kraft	157,614	57,548	12,920	5,020	20,250	7,559	222,065	44.29
Other Bleached Kraft	571,298	359,954	56,847	35,956	53,889	35,048	661,828	15.93
Semi-Chemical Corrugating	76,641	21,713	9,909	3,299	4,431	1,631	78,356	9.98
Recycled Paperboard	320,196	84,268	24,602	10,640	37,918	14,733	279,497	-20.48
Convtd Paper&Paperbd Products	526,497	685,789	55,077	68,751	62,555	71,094	674,448	32.55
Paper Products, Total	240,171	456,429	25,148	44,755	26,947	47,508	292,998	29.31
Paperboard Products, Total	286,327	229,360	29,929	23,996	35,608	23,586	381,450	35.15
Wet Machine Board	18,893	7,259	1,735	832	1,649	690	21,450	4.48
Construction Paper & Board E	75,149	44,639	6,897	4,828	6,477	3,662	82,908	11.54
Notes								
Other: No Weight Avail. ($000)		7,298		734		717	8,122	-2.71
Total Exports Incl. Other($000)		4,692,855		479,333		538,446	5,780,538	29.10

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tunnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES

1967 = 100

	1985	1986	APRIL 1987	MAY 1987	JUNE 1987	JULY 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	309.2	309.0	309.6	311.5	308.2	6.1
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.5	295.9	310.7	310.6	311.1	312.9	309.8	5.8
Total Wood Pulp	346.6	358.7	411.9	418.2	426.5	420.8	411.6	19.0
Total Paper	303.4	306.3	315.3	314.5	314.2	318.0	315.5	4.0
Total Paper, exc. Newsprint	298.8	300.4	301.7	300.6	300.3	303.8	303.9	2.2
Newsprint	332.9	326.1	342.7	343.1	343.1	355.8	344.3	6.3
Total Paperboard	274.6	271.9	295.8	296.2	295.1	296.3	294.0	9.6
Total Paper and Paperboard *	294.4	295.4	309.2	308.8	308.2	311.2	306.0	5.8
Converted Products	288.1	289.3	301.5	301.2	301.8	302.7	300.4	4.6
Waste Paper	148.8	172.8	218.8	217.5	221.8	226.2	213.4	40.3
All Commodities	308.9	299.8	305.1	307.3	308.5	310.2	300.9	1.4
Industrial Commodities	324.0	312.1	317.4	318.6	320.2	322.6	317.6	1.0

SOURCE. Producer Price Indexes. Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

UNITED STATES
RECYCLABLE PAPER UTILIZATION AND RECOVERY

1980 - 1986

(Thousands of Tons)

YEAR	Paper and Board Production	New Supply Paper and Board	Recyclable Paper Consumption at Paper & Board Mills	Recyclable Paper Utilization Rate	Recyclable Paper for Molded Pulp, Insulation and other Uses	Exports	Imports	Total Recyclable Paper Recovered	Recyclable Paper Recovery Rate
1980	63,536	67,102	14,922	23.4%	473	2,664	(87)	17,972	26.8%
1981R	64,259	67,957	15,037	23.4%	480	2,213	(79)	17,650	26.0%
1982R	60,962	64,740	14,433	23.7%	487	2,127	(74)	16,973	26.2%
1983R	66,764	71,183	15,638	23.4%	484	2,573	(100)	18,595	26.1%
1984R	70,268	76,956	16,724	23.8%	460	3,235	(110)	20,309	26.4%
1985R	68,830	76,281	16,371	23.8%	478	3,286	(87)	20,048	26.3%
1986P	72,662	79,766	17,458	24.0%	491	3,749	(99)	21,599	27.1%

P = Preliminary

R = Revised

Source: 1987 Statistics of Paper, Paperboard and Wood Pulp

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

AUGUST 28, 1987

PRODUCTION (000 TONS)

*	*	*	*	FIRST		% CHANGE
	JULY	JUNE	JULY	SEVEN MONTHS		YR TO DATE
	1987	1987	1986	1987	1986	1987/1986
PAPER GRADES						
Newsprint	502	490	477	3,360	3,268	2.8
Printing & Writing	1,702	1,702	1,583	11,798	11,219	5.2
Uncoated Groundwood (s)	123	121	130	887	882	0.6
Coated Paper (s)	563	569	481	3,878	3,502	10.7
Uncoated Free Sheet Paper (s)	915	903	865	6,244	6,019	3.7
Thin Paper (s)	16	18	19	134	148	-9.5
Cotton Fiber Paper (s)	10	15	11	93	89	4.0
Bleached Bristols (s)	75	76	77	563	580	-2.8
Tissue Paper	432	436	397	3,031	2,951	2.7
Total Pkg & Other Paper	389	407	415	2,943	2,986	-1.4
Unbleached Kraft Packaging & Indl. Converting (s)	241	247	276	1,800	1,956	-7.9
Other Paper	148	160	140	1,143	1,030	10.9
TOTAL PAPER	3,025	3,035	2,872	21,132	20,424	3.5
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1,632	1,573	1,439	10,853	10,185	6.6
Unbleached Kraft Linerboard	1,509	1,454	1,326	10,059	9,408	6.9
Other Unbl. Kraft Paperboard	123	119	113	794	776	2.3
Semichemical Paperboard	471	466	441	3,273	3,094	5.8
Bleached Paperboard	372	347	378	2,575	2,514	2.4
Recycled Paperboard	665	706	640	4,936	4,700	5.0
TOTAL PAPERBOARD	3,140	3,092	2,898	21,637	20,492	5.6
TOTAL PAPER AND PAPERBOARD	6,165	6,127	5,770	42,770	40,916	4.5

WOOD PULP (ALL GRADES)	JUNE 1987	MAY 1987	JUNE 1986	First 6 Months 1987	1986	% Change 87/86
Dissolving & Special Alpha	113	99	107	640	624	2.6
Bleached Sulfite	106	101	115	636	695	-8.5
Unbleached Sulfite	15	13	15	81	86	-5.4
Bleached & Semi-Bl. Sulfate	2182	2139	2048	12733	11982	6.3
Unbleached Sulfate	1743	1744	1762	10494	10291	2.0
Semichemical	348	346	345	2092	2035	2.8
Groundwood & Thermomechanical	470	475	449	2817	2733	3.0
TOTAL PULP DIVISION DATA	4977	4916	4840	29492	28446	3.7

(s) - Shipments
(s) - Shipments
P - Preliminary

R - Revised

August 28,1987

	Full Year		INDUSTRY DATA 1986 - 1987			Ann. Rate Year - To - Date	% From Same Pd. Last Year
				R	P		
PAPER AND PAPERBOARD — Tons (000)	1985	1986	May	June	July	1987	
Total Production (API).......: excluding :...	67,030	70,861	6,132	6,127	6,165	73,319	4.5
Total Seasonally Adjusted....:construction:...			6,100	6,111	6,121	73,072	4.6
Imports (including Products).: and wet :..E	11,106	11,597	1,024	1,043	1,033	12,412	8.1
Exports (including Products).: machine :..E	4,009	4,713	402	485	470	5,205	10.6
Apparent Consumption.........: grades :...	74,127 a	77,745 b	6,721	6,669	6 684	80,279 c	4.8
Paper Production % Tonnage Capacity...........	90.5 g	93.0 g	89.1	92.3	88.9	92.6 gn	-
Paperboard Production % Tonnage Capacity......	90.0 g	94.4 g	95.4	97.4	95.4	97.5 g	-
			April	May	June		
IMPORTS.....:Including Construction and :...	11,521	11,936	1,065	1,050	1,070	12,735	10.6
EXPORTS.....: WMB Grades (excl. HPB) :...	4,077	4,807	436	411	492	5,236	10.6
			April	May	June		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6,800	7,567	670	637	693	7,899	6.7
TOTAL WOOD PULP PRODUCTION - Tons (000).........	54,147	57,268	4,882	4,916	4,977	58,985	3.7
WOOD PULP IMPORTS - TONS (000)..................	4,466	4,582	377	388	390	4,871	8.4
WOOD PULP EXPORTS - TONS (000)..................	3,791	4,458	390	377	455	4,742	6.9
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			April	May	June		
Wood Pulp.............:consumption for:.....	55,047	56,555	4,791	4,867	4,863	58,296	3.6
Waste Paper...........:construction & :.....	15,623	16,670	1,437	1,500	1,474	17,415	4.2
TOTAL..........: WMB grades :.....	70,670	73,225	6,228	6,367	6,337	75,711	3.7
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	7,855	7,582	7,723	93,238	2.6
EMPLOYMENT (000)			May	June	July		
Paper and Allied Products..........Total......	677.7	674.3	675.1	683.5	678.0	676.1	0.6
Pulp, Paper and Board Mills........Total.....E	252.3	248.5	244.8	249.1	247.9	246.8	-0.7
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)			May	June	July		
Paper and Allied Products......................	10.82	11.14	11.40	11.42	11.51	11.33	2.2
Pulp, Paper Mills.........................E	13.11	13.58	13.98	13.91	14.00	13.86	2.8
Paperboard Mills..........................E	13.60	14.01	14.27	14.27	14.38	14.16	1.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q4	1987 Q1	1987 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.76	8.69	8.03	8.48	8.48 y	-3.2
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			May	June	July		
:IN PULP, PAPER :...Production Workers..........	123.6	131.2	137.4	138.3	124.8	135.8	5.0
:AND BOARD MILLS:...All Employees...............	122.1	130.4	135.8	136.1	122.6	133.3	3.5
PAPER AND ALLIED PRODUCTS (Million $)			May	June	July		
Industry Shipments (Dept. of Commerce)*........	97,664	106,322	9,547	9,786	10,159	115,080	14.3
Pulp, Paper and Paperboard*..................	41,830	45,565	4,056	4,114	4,437	49,371	14.7
Inventories (End of Period) - Total Industry*..	9,728	10,250	10,909	10,906	10,877	10,877	7.6
Pulp, Paper and Paperboard*..................	3,800	4,078	4,201	4,175	4,142	4,142	4.6
			1986 Q3	1986 Q4	1987 Q1		
Sales (Corporations Only)......................	71,465	74,844	18,904	19,948	19,941	79,764	13.8
Earnings (Corporations Only)...................	2,880	3,280	819	957	996	3,984	70.8
Depreciation (Corporations Only)...............	3,099	3,389	843	883	951	3,804	16.1
Net Worth (Corporations Only)..................	29,694	31,221	31,018	31,221	32,231	32,231	7.5
PRICE INDEXES (Bureau of Labor Stats)1967=100			May	June	July		
Pulp, Paper & Products, ex. Building Grades....	292.0	293.8	309.0	309.6	311.5	308.2	6.1
Wood Pulp......................................	346.6	358.8	418.2	426.5	420.8	411.6	19.0
Waste Paper....................................	148.8	172.8	217.5	221.8	226.2	213.4	40.3
Paper..	303.4	306.3	314.5	314.2	318	315.4	4.0
Paperboard.....................................	274.6	271.6	296.2	295.1	296.3	294.4	9.9
PAPER DEMAND (INDEXED 1977=100)			May	June	July		
Total Paper Production *......................	122.8	127.9	130.8	130.9	131.0	130.7	3.5
Paper New Supply *............................	128.7	133.6	137.6	137.0	211.6	148.1	12.1
Demand Indicators - (Weighted Average) *.....	142.0	149.3	156.9	157.2	157.8	155.0	4.8
Production of Nondurable Goods *...(21.2%).	125.3	130.9	136.6	137.2	138.4	135.9	4.7
Disposable Income ....*.(23.9%)	128.4	133.6	135.6	134.6	134.0	134.4	0.9
Total Printing and Publishing *...(54.9%).	154.3	163.3	174.0	174.8	175.6	171.3	6.2
Trend Factor	----------------	----------------	----------------	Not Available	----------------	----------------	----------------
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	114.3	122.0	127.7	128.0	128.4	127.3	5.8
Production for Domestic Use	112.8	118.9	124.5	125.7	123.8	124.4	6.0
Demand Indicators - (Weighted Average) *.....	120.1	122.1	125.2	125.5	126.5	124.9	2.6
Production of Consumer Goods *...(62.06%)	120.5	124.5	127.8	127.9	128.8	127.6	3.0
Production of Equipment *...(5.75%)	146.4	142.8	146.0	146.3	147.8	145.4	1.8
Production of Materials *...(32.19%)	114.5	113.9	116.4	117.3	118.2	116.2	2.1
Trend Factor	----------------	----------------	----------------	Not Available	----------------	----------------	----------------
NEWSPRINT MARKETS			April	May	June		
Consumption by Publishers - Tons (000).........	12,773	13,158	1,136	1,183	1,085	15,262	18.7
Newspaper Pub. and Printing Empl. Total(000)...	454	461	458	459	461	458	-0.3
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)...........	155,545	153,300	13,791	13,637	12,619	148,920	-1.8
WHOLESALERS SALES AND INVENTORIES (Million $)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	36,798	40,521	3,772	3,530	3,972	43,886	11.1
Inventories (End of Period).	3,267	3,552	3,568	3,528	3,460	3,460	3.2
FIBRE BOX DATA (Fibre Box Association)			May	June	July		
Fibre Box Shipments (Million square feet).......	267,451	283,921	23,630	25,455	25,341	295,550	4.6
Container'bd Inventory at Mill & Plant(000Tons).	2,549	2,238	2,383	2,385	2,502	2,502	4.7
RETAIL TRADE (Million $)			May	June	July		
Total Retail Sales *..........................	1,372,853	1,445,568	124,867	126,620	127,574	1,493,954	5.5
Nondurable Goods Stores Sales *...............	859,316	882,505	77,084	77,535	77,818	921,670	4.9
GENERAL ECONOMIC DATA			May	June	July		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	124.2	125.1	128.3	128.8	129.8	127.9	2.5
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	308.7	299.8	307.3	308.5	310.2	305.3	1.4
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	322.2	328.4	338.7	340.1	340.8	337.2	3.1
			April	May	June		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	531	586	577.9	580.1	585.3	585.3	3.4
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q4	1987 Q1	1987 Q2		
G.N.P. or Expenditure - Current $..............	4,010	4,235	4,288	4,378	4,448	4,413	5.2
G.N.P. or Expenditure - 1982 $.................	3,607	3,713	3,732	3,772	3,794	3,783	2.2

lb/capita Pap&Papbd	Othr	Totl	Popul(mil)
.a - 620	+ 18	= 638	239.3
.b - 644	+ 17	= 661	241.6
.c - 656	+ 17	= 673	243.2

.e - estimated by API

t - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns

h - Adjusted to Conform with API Division data
j - Census unpublished data: standard dev. = 6 - 8%
Q - Quarter

R - Revised
y - Full year estim. by U.S. Dept. of Com.

* - Seasonally Adjusted.

The international market for this pulp has become more important in recent years. In 1984, exports accounted for 49% of total production; they rose to 55.5% in 1985, 59.5% in 1986, and 58.5% in the first seven months of 1987.

Consistent with the strong domestic demand for paper and paperboard, total wood pulp production showed a first-half 1987 increase of 3.7% over its comparable 1986 total, bringing the 1987 rate to 60.0 million tons.

CAPITAL APPROPRIATIONS/SPENDING

Capital expenditures by the paper industry advanced to record-high levels in 1986 and all indications are that they will remain strong this year. Nevertheless, data compiled independently by two major research organizations -- the Conference Board and the Commerce Department -- point to slightly different expenditure profiles for 1987. The Conference Board has reported that capital outlays by paper companies included in the 1,000 largest U.S. manufacturing firms were 14.6% above their year-ago total in the first quarter of 1987. Newly-approved appropriations by these companies advanced from $528 million in the first quarter of 1986, which was the low point for last year, to $1.65 billion in the fourth quarter and $1.76 billion in the first quarter of 1987. Their average quarterly level for all of 1986 came to $1.211 billion.

Closing backlogs at the end of March 1987 stood at $5.04 billion, the highest level since the second quarter of 1985. The strength in new appropriations and the steady expansion of backlogs from $3.91 billion at the end of 1986's second quarter to $5.04 billion at the end of March 1987 point to continued strength in capital spending by the paper industry.

Data compiled by the Commerce Department, which pertain to all paper and allied product companies, indicate that the industry's new plant and equipment expenditures fluctuated in a narrow range during the four quarters of 1986, with the full-year total at a record high of $8.76. However, the Commerce Department reported that expenditures eased downward to an $8.03 billion annual rate during the first quarter of 1987. The Conference Board data showed a decline in capital outlays in the fourth quarter of 1986, suggesting that part of the discrepancy between the two series may relate to timing.

The Commerce Department anticipates steady increases in paper industry capital expenditures during the remainder of 1987, which is consistent with the Conference Board's appropriations trend. Outlays are expected to advance from an $8.03 billion per year rate in the first quarter to $8.88 billion in the fourth quarter. If realized, these increases will bring the full-year 1987 paper industry capital outlays to $8.48 billion, or just 3.2% below the 1986 total.

The strength of paper industry capital expenditures reflects the industry's efforts to improve efficiency and quality through modernization, along with expenditures for capacity expansions to meet future demand. Examples of some major projects scheduled for completion in 1988 include a 235,000 ton-per-year uncoated groundwood mill being constructed in Minnesota and a 300,000 ton-per-year uncoated free sheet machine in Louisiana. A recycled newsprint mill has also been announced with startup scheduled for 1989.

DEMAND FOR RECYCLABLE PAPER

Demand for recyclable paper collected in U.S. markets rose sharply in 1986 and has continued to record strong growth in 1987 as a result of gains in both domestic consumption and exports. Total collections of U.S. waste paper grew 7.7% in 1986 to a post-World War II high of 21.6 million tons. New supply of paper and board (including the construction grades) rose 4.6% in 1986, to 79.8 million tons. The recovery rate, defined as the ratio of recyclable paper collected to new supply of paper and paperboard, climbed from 26.3% in 1985 to 27.1% in 1986, which was also a post-war high. (See table on page 10.)

Increases in the recovery rate have been stimulated by rapid gains in waste paper exports. The share of U.S. waste paper sold abroad relative to total U.S. collections rose from 3.2% during the early 1970's to 12.4% in 1979 and 17.4% in 1986. Total U.S. exports of waste paper were at a record-high of 3.7 million tons last year, 14% above their 1985 total. Exports rose further in 1987; the first-half 1987 rate was above 4 million tons, some 13% above its year-earlier rate. Old corrugated containers, the largest waste paper export category, accounted for 41% of the 1986 total. At 1.53 million tons, these exports were up 16.7% from their 1985 level. They rose an additional 16.5% relative to their year-ago level in the first half of of 1987. Exports of mixed papers slumped during 1986, but have been rebounding this year.

The seven largest foreign markets for U.S. waste paper, in order of their 1986 importance, were Taiwan, Korea, Mexico, Japan, Canada, Italy and Spain. These countries accounted for 86% of U.S. waste paper exports in 1986. The same seven countries, in the same order, also headed the list in 1985.

Consumption of paper stock at domestic paper and paperboard mills, at 17.5 million tons, advanced 6.6% in 1986 following a 2.1% reduction in 1985. The 1985 reduction paralleled the trend in paper and board production, so the utilization rate -- the ratio of recyclable paper consumption to paper and paperboard production -- remained at 23.8%. Recyclable paper consumption rose faster than paper and board production in 1986, and the utilization rate edged up to 24.0%. During the first half of 1987, waste paper consumption at U.S. mills rose 4.2% from its year-ago level, mirroring the gains in paper and board production.

10/23/87 A2500-2

Paper
Paperboard
& Wood Pulp

MONTHLY STATISTICAL SUMMARY · Vol. 65 · No. 9 SEPTEMBER 1987

PAPER AND PAPERBOARD PRODUCTION, AUGUST-SEPTEMBER 1987: NEW STRENGTH

After following a virtually flat trend during the first 7 months of 1987 the rate of production jumped sharply upward in August. At a sensational 75.0 million tons per year, the August production rate was 4.3% above its year-ago level -- which itself was a new high -- and brought the 8-month 1987 rate to 73.5 million tons per year. As the table on page 3 shows, this cumulative rate was 4.8% above that of the comparable 1986 total.

Data on production in the first three weeks of September indicate production is holding close to that high, at a rate above 74 million tons per year. While the seasonal factors used to adjust the monthly totals are rather tentative because of recent changes in the work rules permitting operations throughout July and December, the seasonally adjusted rates only confirm the strength shown in the raw data.

The production gains were spread throughout the grade structure. The January-August rate of paper production, at 36.5 million tons per year, was 3.8% above its year-ago level; paperboard, at 37.1 million tons per year, was up 5.8%.

Paper:

The strongest production trends among the paper grades continue to be shown by the major printing paper grades and the "other packaging and industrial papers".

Total printing-writing papers, at 20.4 million tons per year, gained 5.6% in the January-August 1987 period over their year-earlier level. Coated papers continued to show the most strength; at 6.7 million tons per year, production was 10.6% above its year-ago rate; the current rate is close to the available capacity. Coated paper capacity grew by a reported 800,000 annual tons in 1986, but no major increases are expected in coated paper capacity until 1989 when, according to present plans, another 360,000 tons will be brought on

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stream. Commercial printers continue to demand the greatest increases in coated paper over year-ago levels, but label and wrap manufacturers, and "other converters" are also increasing their use of these papers. Shipments to magazine and other periodical publishers are also above year-ago totals.

Shipments of uncoated free sheet papers, at 10.8 million tons per year, were 4.7% ahead of their year-ago rate in the first 7 months of 1987. Major increases in demand are coming from office-copy paper producers, commercial printers, and stationery and tablet converters. Exports are rising sharply, but the tonnages are still relatively small.

Newsprint and tissue paper production continue to show modest gains over year-ago levels, with both are running at record-high rates. Unbleached kraft paper production continues weak, with the year-to-date total 8% below last year's level.

Paperboard:

The strength in paperboard demand is centered largely on the containerboard grades. Production of containerboard for domestic use in the first 7 months of 1987 was 7.2% above its corresponding 1986 total, at an all-time high of 22.8 million tons per year. Shipments of fibre boxes, at 296 billion sq. ft. per year, are also at record levels, showing 4.6% gains over year-ago levels. Inventories at mills and boxplants have traced a flat trend during the past 12 months; the September 1, 1987 level only 139,000 tons above its year-ago figure. The 1987 level was equivalent to 5.7 weeks of supply at the August rate of consumption, historically a relatively low figure.

While boxboard production for domestic use was only 3.6% over its year-earlier rate, the 6.2 million tons per year rate reported in the table on page 3 represents a new high. The July-August levels of paperboard production for exports were sharply above their first half 1987 rate, largely the result of increases in unbleached kraft paperboard. The 8-month total of production for export for all paperboard was 1.8% above its 1986 rate; if the July-August rate holds for the remainder of 1987, the gain over 1986 would reach 5%.

IMPORTS AND EXPORTS

Imports:

With the major exception of uncoated free sheet papers, and the relatively small tonnage tissue paper total, imports of paper and paperboard are continuing to expand, as are imports of wood pulp. Data through July 1987, reported on page 9, show that total wood pulp imports in the first 7 months of 1987 were up 7%, as were total imports of paper, paperboard and construction paper and board. Among the major printing paper grades, uncoated groundwood papers are running 23% above their year-ago rate and coated papers 21%. The

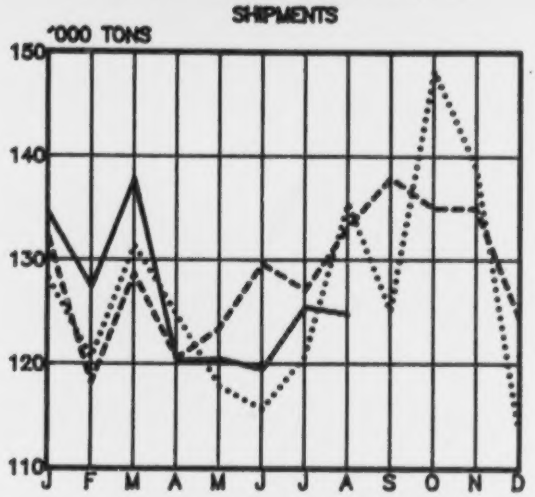
Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

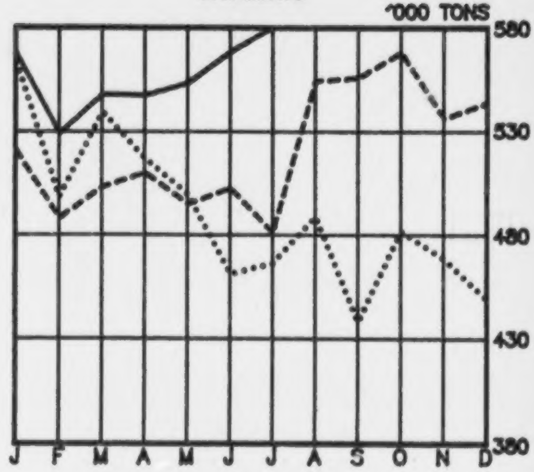
	YEAR		MAY	JUNE	JULY	AUGUST	Annual Rate Y-T-D	% Change From same Period
	1985	1986	1987	1987	1987 (P)	1987 (P)	1987	Last Year
PAPER								
Newsprint - Production	5,428	5,630	500	490	502	498	5,788	2.8
- Shipments	5,431	5,638	499	497	498	495	5,793	3.8
Printing & Writing Sum (R)	18,423	19,601	1,684	1,712	1,741	1,776	20,434	5.6
Groundwood Paper - Shipments (R)	1,521	1,540	121	120	126	125	1,516	0.1
- New Orders (R)	1,477	1,553	119	126	128	134	1,528	-2.3
-Unfilled Orders (R)	106	124	115	124	126	134	134	-5.1
Coated Papers - Shipments (R)	5,875	6,263	554	569	581	591	6,730	10.6
- New Orders (R)	5,642	6,334	630	651	618	621	7,029	12.3
- Unfilled Orders (R)	393	469	521	604	645	657	657	29.5
Unctd Free Sheet - Shipments (R)	9,690	10 410	893	915	931	944	10,825	4.7
- New Orders (R)	9,704	10,485	902	923	947	992	10,887	3.1
- Unfilled Orders (R)	509	587	560	560	581	610	610	-7.1
Thin Papers - Shipments	262	247	19	18	17	15	224	-10.3
Cotton Fiber Paper - Shipments	144	152	13	15	12	13	162	6.6
Bleached Bristols - Production	930	990	86	76	75	88	978	-2.2
Tissue Paper - Production	4,941	5,095	443	438	433	453	5,250	3.5
Total Packaging & Other Paper	5,204	5,117	396	407	389	412	5,034	-1.7
Unbl. Kraft Paper - Shipments	3,403	3,303	233	247	241	243	3,065	-8.3
Other Paper - Production	1,801	1,814	162	160	148	169	1,968	10.9
TOTAL PAPER-Production-Unadj.	33,996	35,443	3,023	3,047	3,066	3,139	36,505	3.8
-Production-S.A.			3,043	3,048	3,054	3,060	36,459	3.8
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	25,404	27,336	2,464	2,386	2,493	2,542	28,892	5.9
Total Unbl. Kraft Paperboard	16,368	17,689	1,626	1,573	1,650	1,685	18,833	6.8
Unbl. Kraft Linerboard (1)	15,183	16,402	1,515	1,454	1,519	1,573	17,463	7.1
Production for Export	1,830	2,246	190	187	227	221	2,327	2.6
Other Unbl. Kraft Paperboard	1,184	1,287	112	119	131	112	1,370	2.8
Semichemical Paperboard	5,088	5,376	463	466	471	481	5,631	5.0
Production for Export	189	213	24	19	16	11	204	5.5
Solid Bleached Paperboard	3,948	4,271	375	347	372	377	4,428	3.3
Production for Export	466	569	50	37	44	46	574	0.8
Recycled Paperboard	7,630	8,083	647	706	664	752	8,531	5.5
Production for Export	26	70	3	5	12	5	53	-23.9
TOTAL PAPERBOARD-Prod.-Unadj.	33,034	35,419	3,111	3,092	3,157	3,295	37,422	5.8
- Containerboard Prod.(Dom. Use)	20,042	21,426	1,956	1,900	1,935	2,020	22,816	7.2
- Boxboard Prod.(Dom. Use) (2)	5,673	5,903	490	490	498	544	6,154	3.6
- All Other P'bd Prod.(D.U.) (2)	4,808	4,992	398	454	425	447	5,295	4.8
- Total Paperbd Prod. for Export	2,511	3,097	267	248	298	283	3,157	1.8
TOTAL PAPERBOARD PROD.- S.A.			3,082	3,086	3,090	3,186	37,066	5.8
TOTAL PAPER AND PAPERBOARD								
Production - actual	67,030	70,861	6,134	6,139	6,222	6,434	73,928	4.8
Production - S.A.			6,125	6,135	6,145	6,246	73,525	4.8

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.



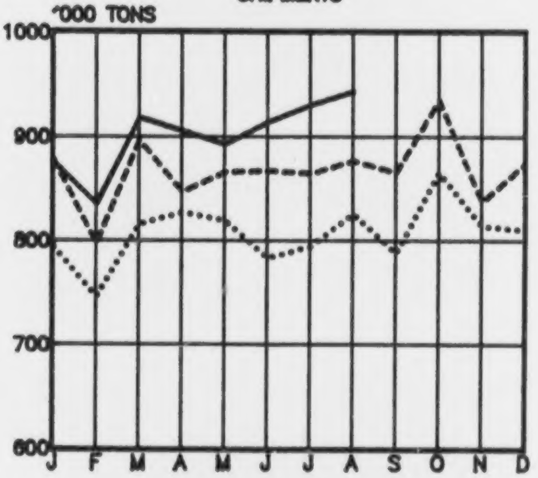
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



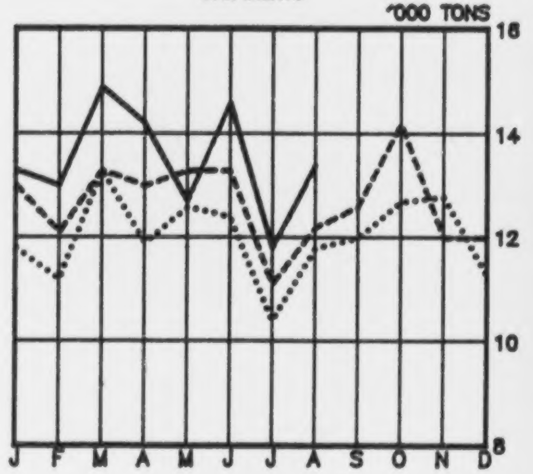
COATED PAPER

SHIPMENTS



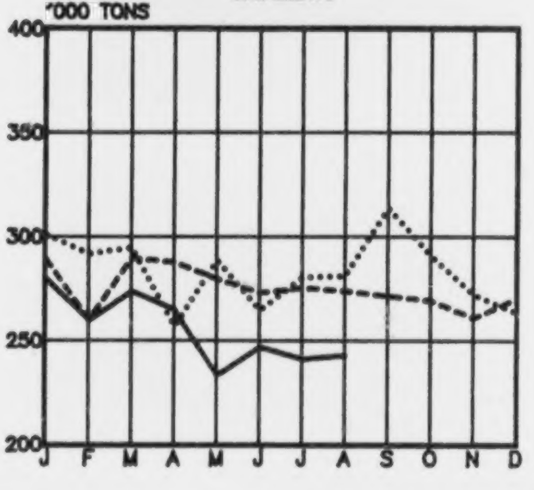
UNCOATED FREE SHEET PAPERS

SHIPMENTS



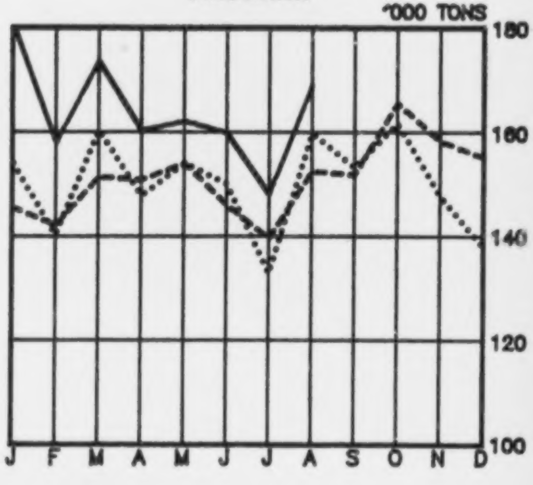
COTTON FIBER PAPER

SHIPMENTS



UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION

1985 .... 1986 ----- 1987 ———

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR		APRIL	MAY	JUNE	JULY	Annual Rate Y-T-D	% Change from same Period Last Year
	1985	1986	1987	1987	1987	1987	1987	
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	54,147	57,017	4,879	4,900	4,971	5,111	59,215	4.5
- Imports	4,466	4,582	377	388	390	401	4,862	7.1
- Exports	3,791	4,458	390	377	455	463	4,858	12.5
- New Supply	54,821	57,140	4,866	4,911	4,906	5,049	59,220	4.1
Dissolving Pulp - Production	1,174	1,258	108	99	113	123	1,308	5.0
- Imports	175	255	25	13	21	11	207	-15.6
- Exports	631	711	59	52	62	65	752	14.1
- New Supply	718	801	74	60	72	69	762	-8.3
Paper Grades Chemical Pulp - Production	43,696	46,081	3,964	3,981	4,035	4,141	48,034	4.9
- Imports	4,104	4,220	341	365	354	367	4,486	7.2
- Exports	3,131	3,689	329	323	391	396	4,081	13.6
- New Supply	44,668	46,612	3,976	4,023	3,998	4,111	48,439	4.4
Groundwood and Thermo-Mech. - Production	5,251	5,487	450	470	468	484	5,594	2.5
- Imports	187	108	12	10	14	23	170	58.6
- Exports	29	59	3	2	1	2	25	-62.6
- New Supply	5,409	5,536	459	477	481	506	5,740	4.3
Semi-Chemical - Production	4,027	4,191	357	351	355	364	4,279	3.0
- Imports								
- Exports								
- New Supply	4,027	4,191	357	351	355	364	4,279	3.0
MARKET WOOD PULP								
Total Market Wood Pulp - Production	6,800	7,583	670	637	692	729	8,019	7.9
- Imports	2,791	3,048	248	224	263	264	2,969	-1.7
- Exports	3,784	4,470	381	388	442	439	4,714	7.5
- New Supply	5,807	6,161	537	473	514	554	6,274	3.4
Dissolving Pulp - Production	1,172	1,251	108	99	113	123	1,303	5.4
- Imports	174	212	19	7	17	6	153	-24.7
- Exports	667	718	61	64	74	65	759	8.7
- New Supply	679	745	66	42	56	63	697	-6.0
Paper Grades Chemical Pulp - Production	5,613	6,315	561	537	579	605	6,703	8.5
- Imports	2,531	2,754	225	214	239	242	2,710	-0.8
- Exports	3,117	3,752	320	325	368	375	3,956	7.3
- New Supply	5,028	5,317	466	426	450	473	5,457	4.5
Groundwood Pulp and All Other - Production	15	17	1	1	1	1	13	-21.6
- Imports	86	83	5	4	6	16	106	23.9
- Exports	1	0	0	0	(1)	0	0	0.0
- New Supply	100	99	6	5	8	17	120	17.5

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

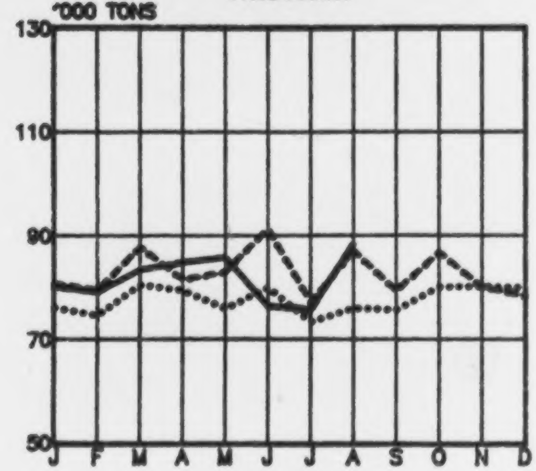
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	69,670	72,990	6,225	6.351	6,332	6,437	75,828	4.4
Total Wood Pulp	54,047	56,320	4,788	4,851	4,859	4,984	58,411	4.3
Waste Paper	15,623	16,670	1,437	1,500	1,474	1,453	17,417	4.9
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producerś' Own-Use Inventories	165	174	186	183	177	173	173	-2.0
Producers' Market Inventories	485	284	300	286	276	281	281	-20.5
Consumers' Purchased Inventories	503	564	580	570	593	608	608	2.2
Waste Paper at Paper & Bd. Mills	969	832	775	752	773	797	797	-4.3
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	30	16	16	15	15	15	15	-25.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

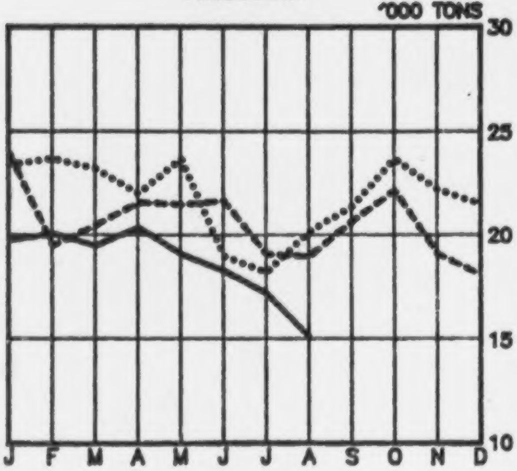
BLEACHED BRISTOLS

PRODUCTION



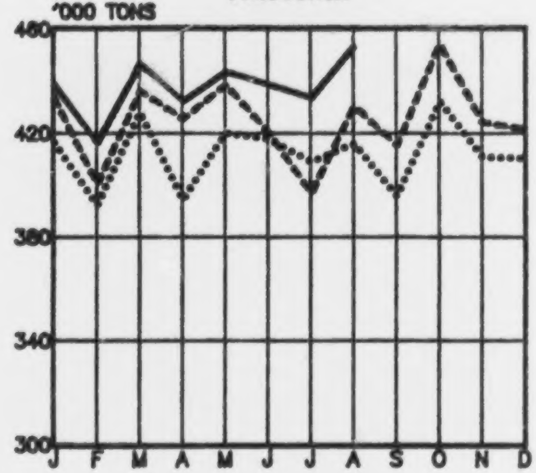
THIN PAPER

PRODUCTION



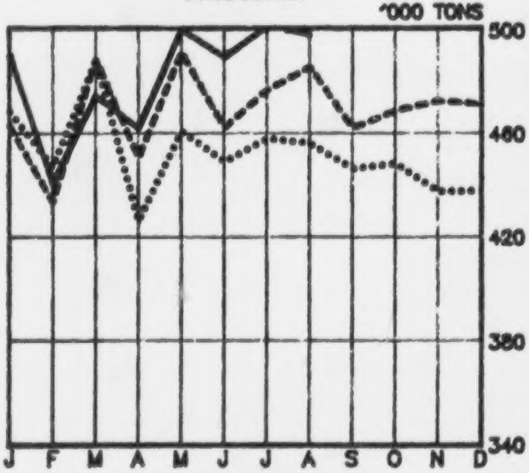
TISSUE PAPER

PRODUCTION



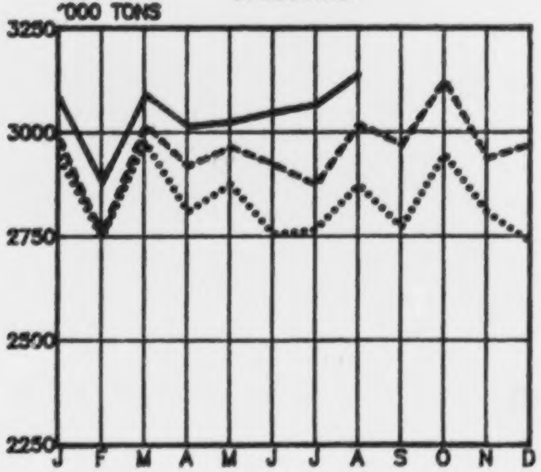
NEWSPRINT

PRODUCTION



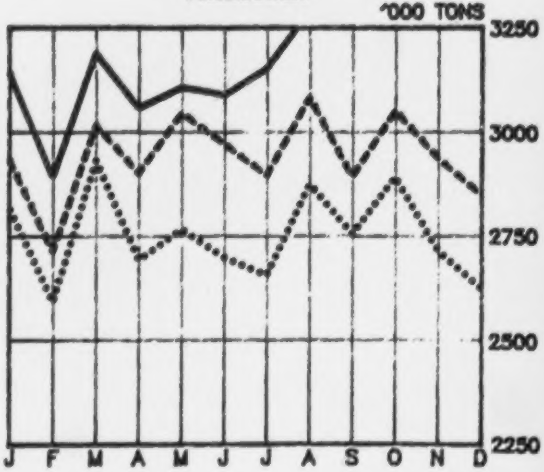
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - - 1987 ——

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

SEPTEMBER 30, 1987

PRODUCTION (000 TONS)

	AUGUST 1987	JULY 1987	AUGUST 1986	FIRST EIGHT MONTHS 1987	1986	% CHANGE YR TO DATE 1987/1986
PAPER GRADES						
Newsprint	498	502	486	3,858	3,754	2.8
Printing & Writing	1,776	1,741	1,677	13,623	12,896	5.6
Uncoated Groundwood (s)	125	126	127	1,010	1,009	0.1
Coated Paper (s)	591	581	555	4,487	4,057	10.6
Uncoated Free Sheet Paper (s)	944	931	877	7,217	6,896	4.7
Thin Paper (s)	15	17	19	150	167	-10.3
Cotton Fiber Paper (s)	13	12	12	108	101	6.6
Bleached Bristols (s)	88	75	87	652	666	-2.2
Tissue Paper	453	433	430	3,500	3,381	3.5
Total Pkg & Other Paper	412	389	427	3,356	3,412	-1.7
Unbleached Kraft Packaging & Indl. Converting (s)	243	241	274	2,044	2,23[illegible]	-8.3
Other Paper	169	148	153	1,312	1,183	10.9
TOTAL PAPER	3,139	3,066	3,020	24,337	23,443	3.8
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1,685	1,650	1,574	12,555	11,758	6.8
Unbleached Kraft Linerboard	1,573	1,519	1,461	11,642	10,869	7.1
Other Unbl. Kraft Paperboard	112	131	113	914	889	2.8
Semichemical Paperboard	481	471	481	3,754	3,575	5.0
Bleached Paperboard	377	372	342	2,952	2,857	3.3
Recycled Paperboard	752	664	690	5,687	5,390	5.5
TOTAL PAPERBOARD	3,295	3,157	3,087	24,948	23,580	5.8
TOTAL PAPER AND PAPERBOARD	6,434	6,222	6,107	49,285	47,023	4.8

WOOD PULP (ALL GRADES)	JULY 1987	JUNE 1987	JULY 1986	First 7 Months 1987	1986	% Change 87/86
Dissolving & Special Alpna	123	113	103	763	727	5.0
Bleached Sulfite	101	104	113	728	759	-4.0
Unbleached Sulfite	14	15	12	95	98	-3.2
Bleached & Semi-Bl. Sulfate	2237	2188	1973	14977	13955	7.3
Unbleached Sulfate	1789	1728	1670	12220	11895	2.7
Semichemical	364	355	376	2496	2424	3.0
Groundwood & Thermomechanical	484	468	465	3263	3185	2.5
TOTAL PULP DIVISION DATA	5111	4971	4712	34542	33043	4.5

(s) - Shipments
(s) - Shipments R - Revised
P - Preliminary

September 30,1987

	Full Year		INDUSTRY DATA 1986 - 1987			Ann. Rate Year - To Date	% From Same Pd. Last Year
				R	P		
PAPER AND PAPERBOARD -- Tons (000)	1985	1986	June	July	August	1987	
Total Production (API)........ excluding :...	67,030	70,861	6,139	6,222	6,434	73,928	4.8
Total Seasonally Adjusted.....construction:...			6,136R+	6,152R+	6,167R+	73,356R+	4.8
Imports (including Products).: and wet :..E	11,106	11,597	1,043	1,004	1,015	12,340	6.8
Exports (including Products).: machine :..E	4,009	4,713	485	436	480	5,224	11.0
Apparent Consumption.........: grades :...	74,127 a	77,745 b	6,695	6,719	6,702	80,471 c	4.7
Paper Production % Tonnage Capacity...........	90.5 g	93.0 g	92.7	90.1	92.5	92.9 gh	-
Paperboard Production % Tonnage Capacity......	90.0 g	94.4 g	97.4	95.9	100.7	97.9 g	-
			May	June	July		
IMPORTS.....:Including Construction and :...	11,521	11,936	1,050	1,070	1,034	12,688	7.3
EXPORTS.....: WMB Grades (excl. HPB) :...	4,077	4,807	411	493	446	5,253	9.5
			May	June	July		
MARKET WOOD PULP PRODUCTION - Tons (000)........	6,800	7,583	637	692	729	8,019	7.9
TOTAL WOOD PULP PRODUCTION - Tons (000).........	54,147	57,017	4,900	4,971	5,111	59,215	4.5
WOOD PULP IMPORTS - TONS (000)..................	4,466	4,582	388	390	401	4,862	7.1
WOOD PULP EXPORTS - TONS (000)..................	3,791	4,458	377	455	463	4,857	12.5
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			May	June	July		
Wood Pulp............:consumption for:.....	55,047	56,320	4,851	4,859	4,984	58,411	4.3
Waste Paper...........:construction & :.....	15,623	16,670	1,500	1,474	1,453	17,417	4.9
TOTAL..........: WMB grades :.....	70,670	72,990	6,351	6,332	6,437	75,828	4.4
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	85,744	91,434	7,582	7,723	8,195	93,967	3.0
EMPLOYMENT (000)			Jun	July	August		
Paper and Allied Products..........Total......	677.7	674.3	683.5	678.9	681.0	676.8	0.7
Pulp, Paper and Board Mills........Total.....E	252.3	248.5	249.1	246.9	247.0	246.7	-0.7
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)			Jun	July	August		
Paper and Allied Products......................	10.82	11.14	11.42	11.48	11.41	11.34	2.1
Pulp, Paper Mills..........................E	13.11	13.58	13.91	14.06	13.99	13.88	2.8
Paperboard Mills...........................E	13.60	14.01	14.27	14.37	14.25	14.17	1.6
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1986 Q4	1987 Q1	1987 Q2		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	8.59	8.77	8.57	8.06	8.77	8.48 y	-3.3
INDEX OF OUTPUT PER MAN-HOUR (1977=100)..........			June	July	August		
:IN PULP, PAPER :...Production Workers..........	123.6	131.2	138.8	139.8	127.5	.136.9	5.2
:AND BOARD MILLS:...All Employees...............	122.1	130.4	136.6	138.1	125.2	134.4	3.8
PAPER AND ALLIED PRODUCTS (Million $)			June	July	August		
Industry Shipments (Dept. of Commerce)*........	97,664	106,322	9,786	10,275	9,865	115,667	13.3
Pulp, Paper and Paperboard*..................	41,830	45,565	4,114	4,543	4,265	49,757	14.2
Inventories (End of Period) - Total Industry*..	9,728	10,250	10,906	10,923	11,015	11,015	9.0
Pulp, Paper and Paperboard*..................	3,800	4,078	4,175	4,141	4,170	4,170	5.5
			1986 Q4	1987 Q1	1987 Q2		
Sales (Corporations Only)......................	71,465	74,844	19,948	19,941	21,553	82,988	15.3
Earnings (Corporations Only)...................	2,880	3,280	957	996	1,206	4,404	46.4
Depreciation (Corporations Only)...............	3,099	3,389	883	951	942	3,786	13.8
Net Worth (Corporations Only)..................	29,694	31,221	31,221	32,231	32,843	32,843	7.7
PRICE INDEXES (Bureau of Labor Stats)1967=100			June	July	August		
Pulp, Paper & Products, ex. Building Grades....	292.0	293.8	309.6	311.5	312.8	308.9	6.1
Wood Pulp......................................	346.6	358.8	426.5	420.8	422.6	414.1	18.8
Waste Paper....................................	148.8	172.8	221.8	226.2	227.0	215.2	36.1
Paper..	303.4	306.3	314.2	318.0	319.5	316.0	4.0
Paperboard.....................................	274.6	271.6	295.1	296.3	300.7	295.5	10.0
PAPER DEMAND (INDEXED 1977=100)			June	July	August		
Total Paper Production *.......................	122.8	127.9	131.6R+	131.7R+	131.9R+	131.3R+	3.8
Paper New Supply *............................	128.7	133.6	138.6	138.0	138.3	138.1	4.2
Demand Indicators - (Weighted Average) *.....	142.0	149.3	157.6	158.1	158.0	155.5	4.9
Production of Nondurable Goods *...(21.2%).	125.3	130.9	137.7	139.0	139.2	136.5	4.9
Disposable Income ....*.(23.9%)	128.4	133.6	134.3	134.6	134.4	134.4	0.8
Total Printing and Publishing *...(54.9%).	154.3	163.3	175.5	175.7	175.6	172.0	6.4
Trend Factor	------------------------------ Not Available ------------------------------						
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.................	114.3	122.0	128.4R+	128.9R+	129.4R+	127.7R+	5.8
Production for Domestic Use	112.8	118.9	126.1	124.4	125.6	124.6	6.1
Demand Indicators - (Weighted Average) *.....	120.1	122.1	126.0	126.9	127.2	125.4	2.9
Production of Consumer Goods *...(62.06%)	120.5	124.5	128.6	129.3	129.5	128.0	3.2
Production of Equipment *...(5.75%)	146.4	142.8	147.1	147.9	149.3	146.0	2.2
Production of Materials *...(32.19%)	114.5	113.9	117.2	118.6	118.9	116.6	2.5
Trend Factor	------------------------------ Not Available ------------------------------						
NEWSPRINT MARKETS			May	June	July		
Consumption by Publishers - Tons (000).........	12,773	13,158	1,183	1,085	1,085	13,082	2.3
Newspaper Pub. and Printing Empl. Total(000)...	454	461	459	461	462	459	-0.3
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (PIB, Inc.)..........	155,545	153,300	13,637	12,619	9,312	143,610	-1.1
WHOLESALERS SALES AND INVENTORIES (Million $)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	36,798	40,521	3,530	3,979	3,980	44,623	12.7
Inventories (End of Period).	3,267	3,552	3,528	3,540	3,536	3,536	5.4
FIBRE BOX DATA (Fibre Box Association)			June	July	August		
Fibre Box Shipments (Million square feet).......	267,451	283,921	25,455	25,349	24,977	296,084	4.6
Container'bd Inventory at Mill & Plant(000Tons).	2,549	2,238	2,385	2,497	2,483	2,483	5.9
RETAIL TRADE (Million $)			June	July	August		
Total Retail Sales *........................	1,372,853	1,445,568	126,307	126,990	128,607	1,498,775	5.4
Nondurable Goods Stores Sales *..............	859,316	882,505	77,326	77,632	78,125	923,057	5.0
GENERAL ECONOMIC DATA			June	July	August		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	124.2	125.1	129.2	130.3	130.7	128.4	2.9
PRODUCER PRICES(ALL COMMODITIES)(INDEX 1967=100).	308.7	299.8	308.5	310.2	310.5	305.9	1.8
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	322.2	328.4	340.1	340.8	342.7	337.9	3.3
			May	June	July		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	531	586	580.1	585.3	591.2	591.2	2.3
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1986 Q4	1987 Q1	1987 Q2		
G.N.P. or Expenditure - Current $..............	4,010	4,235	4,288	4,378	4,445	4,411	5.2
G.N.P. or Expenditure - 1982 $.................	3,607	3,713	3,732	3,772	3,795	3,784	2.2

	lb/capita			
	Pap&Papbd	Othr	Totl	Popul(mil)
.a -	620 +	18 =	638	239.3
.b -	644 +	17 =	661	241.6
.c -	661 +	17 =	678	243.8

.e - estimated by API

t - Wood Pulp Production excludes det., explo & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to Conform with API Division data
j - Census unpublished data; standard dev. = 6 - 8%
Q - Quarter

R - Revised
y - Full year estim. by U.S. Dept. of Com.
R+- Revised from data on page 3.
* - Seasonally Adjusted.

FIBROUS RAW MATERIALS

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1985	YEAR 1986	APRIL 1987	APRIL 1987	JUNE 1987	JULY 1987	Annual Rate Y-T-D 1987	% Change From Same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	85,499	90,943	7.873	7,382	7.743	8.264	94,186	3.9
	- Total Consumpt	85,744	91,434	7,855	7,582	7,723	8,195	93.967	3.0
	- Residues *	30,464	32,755	2,783	2.629	2,739	2,778	32,630	-1.4
	- Inventories	5,046	4,794	4,950	4,557	4,651	4,782	4,782	-1.1
So. Atlantic	- Total Receipts	27.589	29.513	2,523	2.370	2.555	2,688	30.610	3.0
	- Total Consumpt	27,815	29,425	2,515	2,580	2,530	2,651	30,617	3.3
	- Residues *	7,970	9,343	721	748	768	835	9,098	-1.5
	- Inventories	1,117	994	922	963	992	1,025	1,025	-3.5
Northeast	- Total Receipts	7,430	7,277	502	511	586	572	7 095	-1.1
	- Total Consumpt	7,394	7,227	615	561	580	591	7,265	-1.7
	- Residues *	1,539	1,419	117	118	147	108	1,553	10.1
	- Inventories	544	484	430	402	440	447	447	27.4
South Central	- Total Receipts	29,786	31,790	3,007	2,565	2.734	2.982	33,674	7.2
	- Total Consumpt	29,914	32,113	2,812	2,561	2,752	2,937	33,067	3.9
	- Residues *	9,207	9,792	912	803	872	825	10,239	6.2
	- Inventories	1,198	926	1,101	1,062	1,033	1,088	1,088	9.7
North Central	- Total Receipts	6,430	6,571	409	431	545	607	6,483	0.9
	- Total Consumpt	6,296	6,730	551	547	575	563	6,747	0.6
	- Residues *	1,290	1,042	85	81	86	109	1,056	1.0
	- Inventories	884	892	949	809	811	884	884	12.0
West	- Total Receipts	14,264	15,792	1.432	1,305	1,323	1,415	16.323	2.5
	- Total Consumpt	14,325	15,939	1,362	1,333	1,286	1,453	16,270	3.6
	- Residues *	10,458	11,159	948	879	866	901	10,683	-9.0
	- Inventories	1,303	1,498	1,548	1,321	1,375	1,338	1,338	-18.5

* - Consumption or Residues in Cord Equivalents. SOURCE: American Pulpwood Association 23-Sep 87

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1986 Tons	YEAR 1986 ($000's)	JUNE 1987 Tons	JUNE 1987 ($000's)	JULY 1987 Tons	JULY 1987 ($000's)	Annual Rate Y-T-D 1987 Tons	% Change From same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	59,490	4,224	28	3	2,186	212	4,809	-87.9
Pulpwood chips	723,257	19,488	33,740	806	33,822	1,048	362,853	-56.3
Wood Pulp, Total	3,949,414	1,422,180	350,254	151,829	352,301	151,275	4,362,101	11.6
Waste Fibrous Materials, Total	157,870	27,196	15,400	2,986	14,126	2,319	189,085	13.1
Paper, Board & Products, Total	9,963,486	4,467,761	900,550	405,012	863,501	417,410	10,632,976	7.0
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9,842,154	4,268,820	888,918	385,208	853,241	400,500	10,485,759	6.8
Paper, Paperboard & Products	9,715,710	4,393,592	882,286	399,647	842,357	411,463	10,396,883	7.3
Paper & Paperboard, Only	9,594,378	4,194,651	870,653	379,843	832,097	394,553	10,249,666	7.1
Paper, Total	9,367,380	4,130,464	847,953	373,067	814,725	389,004	10,004,765	7.0
Newsprint	8,269,333	3,556,983	740,785	316,518	707,216	331,105	8,683,323	4.1
Printing, Writing & Rel. Pap.	868,628	457,685	86,362	45,132	88,810	48,222	1,059,481	32.2
Pack. & Ind. Conv. Paper	182,481	81,492	16,366	7.970	15,205	7.039	216,944	25.8
Special Industrial Paper	4,766	7,893	471	919	165	309	5.631	27.2
Tissue Paper	42,173	26,411	3,969	2,529	3,331	2,329	39,385	11.3
Paperboard, Total	226,998	64,187	22,700	6,776	17,372	5,548	244,902	12.4
Convtd Paper&Paperbd Products	121,332	198,941	11,633	19,804	10,259	16,911	147,217	25.9
Wet Machine Board	2,332	1,570	329	213	193	139	2,993	30.7
Construction Paper & Board	245,444	72,599	17,935	5,152	20,952	5,808	233,100	-6.9

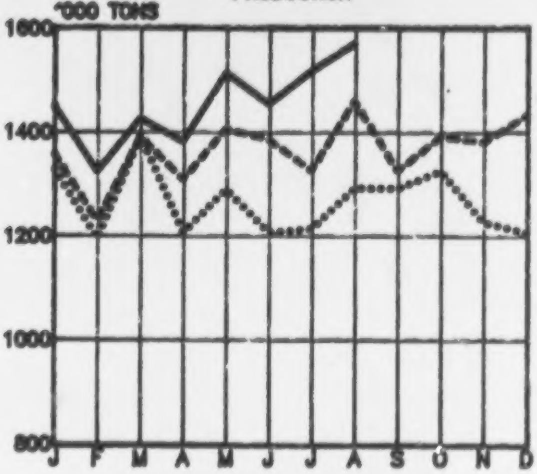
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	39,191	2,201	0	0	0	0	2,993	-92.9
Pulpwood chips	262,844	13,577	5,131	291	4,362	3,220	77,976	4.9
Wood Pulp, Total	262,353	76,591	17,310	6,721	14,959	5.578	197,619	-26.2
Cotton Pulp & Other Pulp	33,629	10,458	3,441	921	5,512	1,328	44,604	69.7
Waste Paper	226,215	23,254	26,535	2,864	25,833	2,848	269,907	38.3
Paper, Board & Products, Total	846,141	464,795	81,515	54,280	73,239	43,430	887,126	-3.6
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	691,355	315,820	60,102	35,277	50,974	27,421	665,698	-13.8
Paper, Paperboard & Products	816,282	452,239	77,750	52,629	70,202	42,186	850,795	-4.8
Paper & Paperboard, Only	661,496	303,265	56,337	33,725	47,937	26,177	629,368	-15.6
Paper, Total	278,911	200,168	27,416	22,732	21,513	16,784	295,291	-0.6
Newsprint	6,040	4,457	531	446	654	479	5.538	41.8
Printing, Writing & Rel. Pap.	121,167	99,480	14,355	10,828	11,540	9,171	145,054	17.6
Pack. & Ind. Conv. Paper	25,614	16,467	1,712	1,398	1,788	1,281	24,299	-6.9
Special Industrial Paper	122,874	75,189	10,531	9,555	6,137	5,279	114.974	-18.3
Tissue Paper	3,217	4,577	287	505	1,393	574	5,426	84.6
Paperboard, Total	382,584	103,096	28,921	10,993	26,424	9,393	334,077	-25.6
Convtd Paper&Paperbd Products	154,786	148,975	21,413	18,904	22,265	16,010	221,427	49.8
Wet Machine Board	10,728	4,638	1,133	498	657	330	11,478	15.5
Construction Paper & Board	19,132	7,918	2,632	1,154	2,381	915	24,853	50.0

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 23-Sep-87

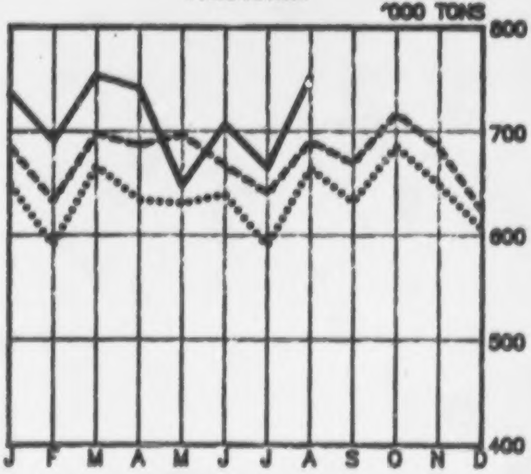
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



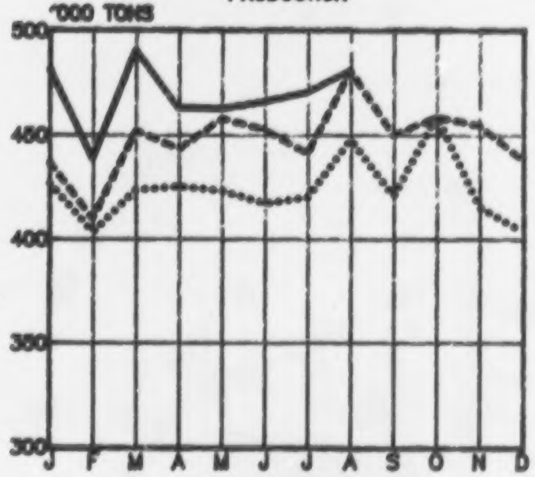
RECYCLED PAPERBOARD

PRODUCTION



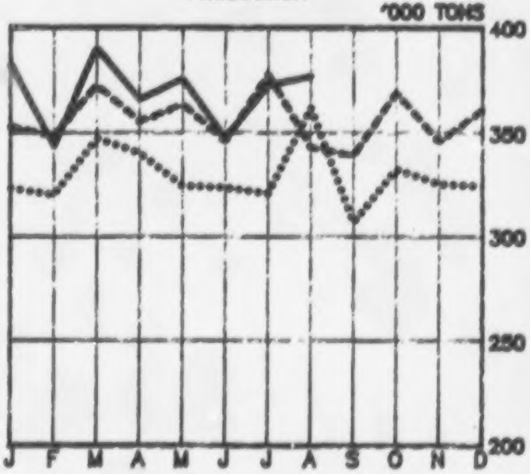
SEMICHEMICAL PAPERBOARD

PRODUCTION



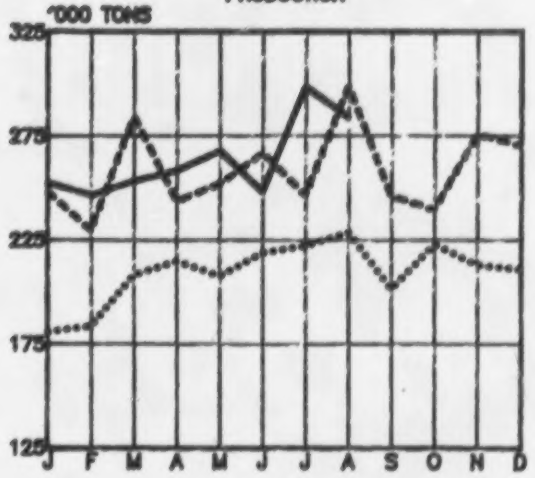
SOLID BLEACHED PAPERBOARD

PRODUCTION



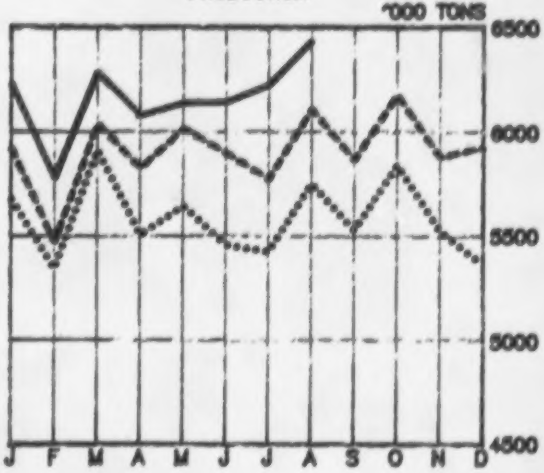
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1985 ········ 1986 - - - - -1987 ——

IMPORTS

	YEAR Tons	1986 $000	1987 JUNE Tons	JUNE $000	1987 JULY Tons	JULY $000	(1) Annual Rate YTD 1987 Tons	% Change from same Period Last Year
Pulpwood Roundwood (cords)	60,850	4,563	28	3	2.186	212	4.894	-88.25
Pulpwood Chips	724,828	19,642	33,832	816	34,522	1,075	473,525	-43.15
Total All Imports	16,722,494	7,674,736	1,476,213	724.417	1,450.398	731,881	17 758 065	7.02
Wood Pulp. Total	4,581,760	1,601,378	389,512	169,303	400,779	168,075	4,862,311	7.14
Waste Paper	99,313	11,182	9,355	1,318	10.678	1 301	118.325	21.27
Other Fibrous Materials	104,969	26,326	7,669	2,725	4,770	1,857	89,320	-32.82
Paper Board & Products Total	11,936,452	6.035,850	1,069,677	551,071	1.034,172	560.648	12,688.109	7.31
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11,546,545	5,247,129	1,034,941	468,118	1,003,093	484,756	12,269 113	7.05
Paper Ppbd & Prds ex Cnst&WMB	11,596,808	5,928,457	1,043,396	542,469	1,003,813	551,397	12,362,346	7.63
Paper & Paperboard Only	11,206,901	5,139,735	1,008,660	459,516	972,734	475.505	11,943,350	7.28
Paper Total	10,925,453	5,051,917	977,901	448,565	951,279	468,283	11,575,827	6.55
Newsprint	8,587,507	3,682,351	776,130	330,774	741,405	345.162	9,026.431	4.28
Printing & Writing	2,029,302	1,179,802	171,350	97,747	180,923	105,691	2,182,123	13.78
Uncoated Groundwood	1,028,231	531.149	93,197	46,733	92.586	47 571	1,166 893	22.96
Coated Print.& Impreg. Pap.	501,382	359,495	49,492	33,100	57,244	39,022	584,651	21.38
Uncoated Free Sheet	453,638	254,627	24,798	14,523	26,689	15.758	376,676	-15.03
Uncoated Book	223,798	126,278	13,683	7,428	16,429	8,917	202,518	-10.49
Writing and Similar Paper	229,841	128,349	11,114	7.095	10,260	6.840	174,158	-19.76
Thin (except Cigarette)	45,351	33,831	3,788	3,311	4,321	3,244	52,969	22.36
Bristols	700	700	75	80	83	97	934	48.77
Total Pkg & Other Paper	242,571	146,212	23,817	15,324	25,187	14,501	309,155	33.65
Unbleached Kraft Paper	115,008	42,650	13,949	5,819	15.691	6.258	171.695	65.24
Other Pkg. & Indust. Paper	127,562	103,562	9,868	9,505	9,496	8,243	137,460	7.89
Tissue	66,073	43,552	6,605	4,719	3.764	2.929	58,118	-1.34
Paperboard, Total	281,448	87,818	30,759	10,952	21,455	7,222	367,523	42.01
Test or Containerboard	78,063	25.596	5.589	1,976	4.968	1,816	79,103	9.98
Semi-Chemical Corrugating	99,062	22,092	12,476	3,093	9,132	2,303	122,363	27.14
Other Paperboard	104,324	40,130	12,693	5.884	7.355	3.103	166,056	83.23
Convtd Paper&Paperbd Products	389.907	788,721	34,736	82,952	31,079	75,892	418,996	15.43
Paper Products, Total	361,517	730,257	31,928	77,189	28,476	70,815	383,977	14.91
Paperboard Products, Total	28,390	58,464	2,808	5,763	2,603	5,078	35,020	21.49
Wet machine Board	3,235	2,525	387	270	245	199	3,527	3.17
Construction Paper & Board	336,409	104,868	25,894	8,332	30,114	9,053	322,236	-3.87
Notes								
Other: No Weight Avail. ($000)		212,338		20.573		12,500	209.415	1.95
Total Imports Incl. Other($000)		7.887.074		744.989		744.381	8.955.992	16.61

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	42,190	2,373	0	0	0	0	5,002	-89.40
Pulpwood Chips	2,428.333	170,022	162.390	12,006	225.746	15,930	2.217 662	3.63
Total All Exports	13,171,872	4,685,557	1,307,947	537,728	1,277,018	523,128	14,447,422	11.32
Wood Pulp,Total	4,458,312	1,662,466	454,720	206.328	462,809	213.942	4 857 441	12.54
Cotton Pulp and Other Pulp	157,452	72,500	12,623	7,500	16,151	7,514	159,386	-5.23
Waste and Old Paper	3,748,711	411,076	347,890	44,587	352,519	45,481	4.177 824	13.06
Paper, Board & Products,Total	4,807,397	2,539,515	492,714	279,314	445,539	256,191	5,252,772	9.47
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	4,280,900	1,853,726	430,159	208,221	382,110	188.605	4.565,937	6.29
Paper, Ppbd & Prod ex Cnst&WMB	4,713,355	2.487,618	484 588	274,963	436,435	251,172	5,147,714	9.39
Paper & Paperboard, Only	4,186,858	1,801,828	422,033	203,869	373,005	183.586	4.460,879	6.13
Paper, Total	883,689	642,597	79,705	65,725	72,053	60,346	901,309	4.33
Newsprint	392,228	194,549	27,907	17.047	24,008	15,151	345,657	-0.66
Printing & Writing	190,656	185,271	23,615	21,835	21,632	20,627	232,587	18.93
Uncoated Groundwood	40,847	28,947	4.416	2,997	6,060	4.028	47.502	3.86
Clay Coated Paper	78,248	57,856	9,343	6,679	7,609	5,362	95,763	18.30
Uncoated Free Sheet	50,140	71,354	6.495	8.618	6.304	8,888	62.584	25.56
Other Printing & Writing	21,420	27,114	3,360	3,542	1,659	2,349	26,737	40.48
Total Pkg. & Other Paper	284,048	241.426	25,136	24,071	22.539	22,142	290.751	-4.56
Unbleached Kraft	78,248	32,009	6,321	2,845	8,671	3,850	86,286	11.30
Other Pkg. & Indust. Paper	205,800	209,417	18,815	21.226	13,868	18.292	204.465	-9.98
Tissue	16,758	21,351	3,047	2,772	3,874	2,427	32,315	105.75
Paperboard, Total	3,303,169	1,159,231	342,328	138,144	300,952	123,240	3,559,569	6.60
Solid Wood Pulp	2,982,973	1,074.964	304,410	123,411	267,358	109,619	3,262,411	10.00
Total Linerboard	2,177,420	635,749	225,840	79,174	199,802	71,366	2,321,815	7.02
Bleached Kraft Linerboard	133,787	51,448	5,000	2,350	13,732	5,502	71,750	-53.65
Unbleached Kraft Linerbd	2,043,633	584,301	220,840	76,824	186,071	65,864	2,250,065	11.68
Other Unbleached Kraft	157,614	57,548	20,250	7,559	16,750	6,483	219,056	38.14
Other Bleached Kraft	571,298	359,954	53,889	35,048	43,628	29.025	642,072	12.95
Semi-Chemical Corrugating	76,641	21,713	4,431	1,631	7,178	2,745	79,468	14.56
Recycled Paperboard	320,196	84.268	37.918	14,733	33.594	13,621	297 158	-20.38
Convtd Paper&Paperbd Products	526,497	685,789	62,555	71,094	63,430	67,586	686.835	36.63
Paper Products, Total	240,171	456.429	26,947	47.508	23.693	42,992	291,757	29.83
Paperboard Products, Total	286,327	229.360	35,608	23,586	39,737	24,594	395,078	42.12
Wet Machine Board	18,893	7,259	1,649	690	1.095	533	20.262	5.06
Construction Paper & Board E	75,149	44,639	6,477	3,662	8,010	4,486	84,796	15.38
Notes								
Other: No Weight Avail. ($000)		7,298		717		508	7.832	-3.38
Total Exports Incl. Other($000)		4,692,855		538,446		523.637	5,852,410	31.13

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1985	1986	MAY 1987	JUNE 1987	JULY 1987	AUGUST 1987	Annual Rate Y-T-D 1987	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.0	293.9	309.0	309.6	311.5	312.8	308.8	6.0
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	294.5	295.9	310.6	311.1	312.9	314.3	310.4	5.8
Total Wood Pulp	346.6	358.7	418.2	426.5	420.8	422.6	413.7	18.7
Total Paper	303.4	306.3	314.5	314.2	318.0	319.5	315.9	4.0
Total Paper, exc. Newsprint	298.8	300.4	300.6	300.3	303.8	305.4	304.1	2.0
Newsprint	332.9	326.1	343.1	343.1	355.8	367.1	347.2	7.2
Total Paperboard	274.6	271.9	296.2	295.1	296.3	300.7	294.9	9.8
Total Paper and Paperboard *	294.4	295.4	308.8	308.2	311.2	313.6	306.0	5.7
Converted Products	288.1	289.3	301.2	301.8	302.7	303.3	300.8	4.6
Waste Paper	148.8	172.8	217.5	221.8	226.2	227.0	215.2	36.1
All Commodities	308.9	299.8	307.3	308.5	310.2	310.5	300.9	1.8
Industrial Commodities	324.0	312.1	318.6	320.2	322.6	323.8	318.3	1.5

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

increase in coated paper imports is coming largely from Canada, as is the major part of the increase in groundwood papers, but off-shore imports of groundwood papers have also shown significant gains. However, domestic production of uncoated groundwood papers, at 1.6 million tons per year, is equivalent to the reported capacity.

Exports:

Exports of paper, paperboard and products and of wood pulp are continuing to expand, reflecting the favorable export climate generated by the declines in the value of the dollar in the major export markets. Total exports of paper, board and products in the first 7 months of 1987 were at a record-high annual rate of 5.25 million tons. Bureau of Census data, reported on page 9, show total paper exports up 4.3%; paperboard 6.6%; wood pulp 12.5%.

LONG-TERM PAPER DEMAND TRENDS

New supply of paper (production plus imports less exports) rose at an average rate of 3.4% a year between 1976 and 1986. This compares favorably with the 2.8% a year rate of growth recorded by real GNP. Real GNP, which measures total output of goods and services in constant dollars, is a good indicator of activity in paper markets. Trend growth in new supply of paper has been fairly stable during the past decade. In fact, the 3.4% average annual growth pace recorded for 1976-1986 also prevailed between 1980 and 1986.

In contrast to the relative stability exhibited by the long-term trends, year-to-year growth rates for new supply have fluctuated more sharply than real GNP. The relative volatility exhibited by new supply stemmed largely from changes in inventory holdings at converting plants and at final users. For example, although new supply of paper matched the 2.5% decline in real GNP in the recession year of 1982, it increased much faster than real GNP during the subsequent upswing of the business cycle. (See table at bottom of page 11.)

Within the grade structure, the fastest growing category has been printing-writing papers. New supply of printing-writing papers expanded at the average annual rate of 5.2% between 1976 and 1986. During the first half of 1987, new supply of these grades exceeded its year-ago total by 5.5%. The principal impetus to printing-writing paper demand has come from computer papers, office copy papers, and commercial printing largely for direct mail and newspaper inserts. Demand for papers used by magazines and other periodical publishers exhibited rapid growth in the 1976-84 period, but has slowed since then.

New supply of newsprint increased at an average rate of 2.7% a year between 1976 and 1986, which compares with real GNP growth of 2.8% a year. During the first half of 1987, new supply of newsprint exceeded its year-ago total by 4.1%. Consumption of newsprint has mainly been paced by increases in newspaper advertising linage and inserts. U.S. circulation of daily newspapers has traced a flat trend for more than a decade, while sales of Sunday editions continued to edge up at the sluggish pace of 1% a year.

New supply of tissue products rose at an average annual rate of 2.1% between 1976 and 1986, which was slower than real GNP growth, but substantially faster than population growth, which has been running at about 1% a year. Gains in per-capita tissue paper consumption reflect rising family incomes and an unending quest for convenience products on the part of two-earner families and other consumers.

New supply of packaging and industrial converting papers held approximately flat between 1977 and 1984, but ebbed 5.8% in 1985 and 1.1% last year. The recent declines probably reflect displacement by plastics.

TOTAL PAPER

	Production	Imports	Exports	New Supply	Real Gross National Product ($ Bil. 1982) Prices)	Ratio of New Supply to Real GNP (000 tons/Bil $)
	(000 tons					
1976	26,554	6,864	928	32,490	2826.7	11.49
1983	32,788	8,190	774	40,204	3279.1	12.26
1984	34,429	9,903	811	43,521	3501.4	12.43
1985	33,996	10,261	779	43,478	3607.5	12.05
1986	35,443	10,643	884	45,202	3713.3	12.17
1987*	35,892	11,120	901	46,111	3784.3	12.18

* First half of 1987 at annualized rate.
Note: See also Footnote 1/ on page 12.

PRINTING-WRITING PAPERS

	Shipments	Imports	Exports	New Supply	Ratio of New Supply to Real GNP 000 Tons/Bil.$
	thousand tons				
1976	13,184	278	206	13,256	4.69
1983	17,334	1,346	202	18,478	5.64
1984	18,383	2,256	204	20,436	5.84
1985	18,423	2,309	203	20,529	5.69
1986	19,601	2,578	191	21,988	5.92
1987*	20,004	2,711	229	22,486	5.94

NEWSPRINT

	Production	Imports	Exports	New Supply	Ratio of New Supply to Real GNP 000 Tons/Bil.$
	thousand tons				
1976	3,736	6,308	127	9,917	3.51
1983	5,167	6,725	295	11,597	3.54
1984	5,539	7,471	306	12,704	3.63
1985	5,428	7,724	314	12,838	3.56
1986	5,630	7,756	392	12,994	3.50
1987*	5,638	8,038	348	13,328	3.52

TISSUE

	Shipments	Imports	Exports	New Supply	Ratio of New Supply to Real GNP 000 Tons/Bil.$
	thousand tons				
1976	4,184	2	20	4,166	1.47
1983	4,792	12	16	4,788	1.46
1984	4,921	30	17	4,934	1.41
1985	4,941	56	18	4,979	1.38
1986	5,095	66	17	5,144	1.39
1987*	5,210	60	30	5,240	1.39

PACKAGING AND INDUSTRIAL CONVERTING PAPERS

	Shipments	Imports	Exports	New Supply	Ratio of New Supply to Real GNP 000 Tons/Bil.$
	thousand tons				
1976	5,451	57	357	5,151	1.82
1983	5,495	108	262	5,341	1.63
1984	5,586	146	284	5,447	1.56
1985	5,205	172	244	5,133	1.42
1986	5,117	243	284	5,076	1.37
1987*	5,040	310	294	5,056	1.34

* First half of 1987 at annualized rate.

1/ Includes imports from Canada as reported by the Canadian Pulp and Paper Association.